




THE CITY OF SAN DIEGO
MAYOR JERRY SANDERS

MEMORANDUM

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COUNCILMEMBER
DONNA FRYE

DATE: October 5, 2007
TO: Honorable Councilmember Donna Frye
FROM: Jay M. Goldstone, Chief Operating Officer 
SUBJECT: Index of Exhibits

Please find attached Exhibits A-L, as requested in your memo of October 2, 2007. If you need additional information, feel free to contact me.

Jay M. Goldstone

Attachments

Cc: Honorable Mayor Sanders
Honorable City Council
City Attorney, Michael Aguirre
Independent Budget Analyst, Andrea Tevlin
Stanley Keller, Independent Monitor
Macias, Gini & O'Connell

Exhibit A: Cheiron Proposed Procedures on Retrospective 415(b) Testing

San Diego City Employees Retirement System

Retroactive Testing of Internal Revenue Code Section 415(b) Maximum Allowable Defined Benefits Payable from a Qualified Trust

The following is a narrative summary of the procedure performed by Cheiron, Inc, the San Diego City Employees Retirement System's (SDCERS) Actuary in coordination with Ice Miller, LLP and SDCERS staff in performing retroactive testing of Internal Revenue Code (Code) Section 415(b) testing of defined benefits. In performing this testing Cheiron relied on the data provided by SDCERS and interpretations and guidance of Ice Miller LLP.

Procedure to test current retirees

The first step was to identify the testing population. We started with the database provided in performing our actuarial valuation of SDCERS as of July 1, 2006. These are the applied steps in defining the test population:

- SDCERS provided Cheiron with 6,652 retiree records. Each record included social security number, first, middle, and last name, benefit type, effective date, termination date, annuity, pension, cola and base amount.
- We then received the DROP account balances database.
- These records were matched to the data provided for the June 30, 2006 actuarial valuation and reconciled.
- For compliance we looked at all retirees based on the IRS response to the initial filing.
- We excluded all disabled retirees (pre-retirement) who have not attained normal retirement age from the testing population.
- We supplemented this data with any retirees since June 30, 2006 and through June 30, 2007, who were within 70% of the 415 limits at retirement.

With the eligible population subject to testing defined, we proceeded to define the total aggregate benefit payable at retirement from SDCERS. We tested this population in two phases, first by identifying those retirees who were within 85% of the limit and then this net group after receiving more detailed confirmation of benefit data. These steps included:

- Extracted from the database date of birth, total service credits, plan ID (general employee versus public safety), benefit type, standard benefit, cost of living adjustment (CPI with 2% cap, 13th check), benefit granted through subsequent litigation or grants [Corbett and Andrecht] and payment option.
- The DROP accounts information was provided for all retirees through June 30, 2007. For testing we converted the lump sum values of these accounts to annuities as additional benefits at retirement based on the appropriate assumptions for conversion of benefits to a single life annuity.

- The benefit is ultimately adjusted for the automatic COLA for testing; however, we initially adjusted the 415 dollar limit to identify our detailed test group.
- The 13th check while contingent on excess earnings has been fully granted in all but two years and was assumed to be a permanent benefit and subject to testing as if permanent.

With each of the component benefits identified we determined a potential failure group by making some general assumptions to identify potential test failures (participants in pay status receiving in excess of the appropriate 415 limit). With these adjustments a testing population was defined if the benefit was at least 85% of the calculated 415 age and COLA adjusted limit.

Before this test group was resubmitted to SDCERS for verification of each of the data elements, we made additional assumptions where the data was not already available. The objective was to define a larger then needed population to capture any potential values before the case by case review proceeded. We added the following steps:

- While we had optional forms of benefit to convert to standard life annuities or qualified survivor benefits, we did not have information as to whether the beneficiary under the joint and survivor options was a qualified spouse. To be most inclusive we therefore assumed that all survivor benefits were non spouse beneficiaries and increased the base benefit to be 20% of the reported value to simulate the actuarial adjustment that might apply.
- We determined the total annual annuity for each retiree by adding the pension adjusted for form of payment, the 13th check benefits and the additional 7% Corbett benefit for pre 2000 retirees together (the Andrecht benefits were included in the pensions provided by SDCERS as their payment of this benefit was not contingent on excess earnings).
- We tested all participants against the 415 limitation in effect at time of retirement, based on appropriate limits adjusted for age at benefit commencement, employment classification (general versus public safety), year of retirement, defined normal retirement age and 2% automatic COLA (by using 80% of the limit as a maximum estimated adjustment).
- By taking a ratio of the sum of the benefit pieces to the appropriate 415 limit we identified all participants with a ratio of 85% or greater.

From this process we defined the group of potential failure of 342 participants in pay status to be submitted to SDCERS to go through each file and confirm the data used as well as identify additional information to use in the testing. This cohort is made up of 26 participants who retired prior to 1995, and 291 who retired between 1995 and March 31, 2006. We also added in any retirees from March 31, 2006 through June 30, 2007 who were tested and subjected to the lower threshold of 75%.

Along with confirmation of the data used for this initial testing, we requested information that affected the final test including whether the benefits reflect

- Offset for benefits purchased from qualified rollovers amounts
- Eligibility for public safety limitations by virtue of having 15 or more years of service as a public safety employee
- Aggregation of benefits from a qualified domestic relations order in effect at the

- time of retirement
- Continuation for those participants with joint and survivor options in effect as to whether the beneficiary is a qualified spouse
- Post tax contributions or employee benefits
- Pre or post tax rollovers used for the purchase of additional service benefits.

Making adjustments for the additional information as appropriate we ran a final test on the 342 participants and determine the number of participants in receipt of benefit in excess of the appropriate 415 limit.

The retroactive testing population was defined as 102 retired participants for whom we prepared a year by year comparison of the benefits payable including actual cost-of-living adjustments to the 415 limit adjust to age of retirement and benefit form. This process was conducted for each of the retroactive testing retirees with one or more years of benefit receipt in excess of the appropriate 415 limit from actual retirement date through June 30, 2007.

The net excess benefits were rolled forward at 8.0% from the end of the limitation year to June 30, 2007.

Procedure and assumptions applied in the determination of the appropriate 415 limits:

1. Applicable mortality and interest rate assumptions for the calculation of actuarial equivalents are: a gender blended 50/50 GAM 83 mortality table used through December 2002 and 94 GAR mortality table projected to 2002 using the AA projection scale, thereafter with an 8% interest assumption in accordance with Code Section 415(b)(2)(E)(i).
2. DROP balances are annuitized at the date of actual retirement using the above assumptions.
3. 415 limits by age for general retirees are based on the changes in the law under EGTRRA to reflect pre-65/62 reductions.
4. We used the 415 limit as defined in the limitation year by taking 6/12ths of the limit during the two calendar years that fall within the limitation year.
5. The total annuity of each general retiree is compared to the 415 limit based on age at retirement and year of retirement.
6. For retirees qualified as public safety, a comparison was made to the 415 limit based on years of retirement. There is no age adjustment made for public safety retirees under age 65.

Procedure to fill in missing information:

1. For retirees who have died, the value of their initial benefit is used and limitation applied in proportion to the a beneficiary's annuity.
2. While we have optional forms of benefit to convert to standard life annuities or qualified survivor benefits, where information as to whether the beneficiaries under the joint and survivor options is not a qualified spouse we adjusted the benefit based on a factor determined by taking the ratio of the J&S annuity over the straight life annuity.

SDCERS' Executive Staff FY 2008 Action Plan

- 1. Improve the disability review process. (David Arce)**
- 2. Complete implementation of T3 Project initiatives. (David Arce)**
- 3. Develop a comprehensive IT strategic plan. (David Bond)**
- 4. Institute value-added Human Resource programs. (Karen Kreutz)**
- 5. Strengthen the team: Focus on staff development and leadership. (Executive staff)**
- 6. Implement the private equity asset class strategy. (Doug McCalla)**
- 7. Analyze SDCERS' ability to administer hybrid and/or defined contribution plans. (Doug McCalla)**
- 8. Complete IRS Voluntary Compliance Program and Tax Determination Letter process. (Roxanne Parks)**
- 9. Complete Board governance review. (Chris Waddell)**
- 10. Get financial reporting current. (Mark Hovey)**
- 11. Implement Group Trust plan accounting. (Mark Hovey)**
- 12. Improve customer service by providing Members with Internet access to their SDCERS retirement information. (Rebecca Wilson)**

13. **Develop and distribute Member Account Statements. (Rebecca Wilson)**
14. **Develop and implement internal audit project priorities with the Audit Committee and Macias Gini & O'Connell. (Bob Wilson)**
15. **Celebrate our wins and staff achievements, and have even more fun. (All)**

Exhibit A: Cheiron Proposed Procedures on Retrospective 415(b) Testing

San Diego City Employees Retirement System

Retroactive Testing of Internal Revenue Code Section 415(b) Maximum Allowable Defined Benefits Payable from a Qualified Trust

The following is a narrative summary of the procedure performed by Cheiron, Inc, the San Diego City Employees Retirement System's (SDCERS) Actuary in coordination with Ice Miller, LLP and SDCERS staff in performing retroactive testing of Internal Revenue Code (Code) Section 415(b) testing of defined benefits. In performing this testing Cheiron relied on the data provided by SDCERS and interpretations and guidance of Ice Miller LLP.

Procedure to test current retirees

The first step was to identify the testing population. We started with the database provided in performing our actuarial valuation of SDCERS as of July 1, 2006. These were the applied steps in defining the test population:

- SDCERS provided Cheiron with 6,652 retiree records. Each record included social security number, first, middle, and last name, benefit type, effective date, termination date, annuity, pension, cola and base amount.
- We then received the DROP account balances database, which contained 4,683 records. However an updated database will be requested to capture retirees from April 1, 2006 through June 30, 2006.
- These records will be matched to the data provided for the June 30, 2006 2006 actuarial valuation and reconciled.
- For compliance we will look at all retirees based on the IRS response to the initial filing.
- We are excluding all disabled retirees (pre-retirement) who have not attained normal retirement age from the testing population.
- On this basis the testing population is defined to contain 6165 participants in pay status. We supplemented this data with any retirees since June 30, 2006 and through June 30, 2007, who were within 70% of the 415 limits at retirement.

With the testing eligible population subject to testing defined, we then proceeded to define the total aggregate benefit payable at retirement from SDCERS. This step we tested this population in two phases, first by identifying those retirees who were within 85% of the limit and then this net group after receiving more detailed confirmation of benefit data. These steps included:

- Extracted from the database date of birth, total service credits, plan ID (general employee versus public safety), benefit type, standard benefit, cost of living adjustment (CPI with 2% cap, 13th check), benefit granted through subsequent litigation or grants [Corbett and Andrecht] and payment option.

- The DROP accounts information was provided for all retirees through March 31, 2006-June 30, 2007. For testing we converted the lump sum values of these accounts to annuities as additional benefits at retirement based on the appropriate assumptions for conversion of benefits to the standard single life annuity form.
- The benefit is ultimately adjusted for the automatic COLA for testing; however, we initially adjusted the 415 dollar limit to identify our detailed test group.
- For the COLA benefits it was determined the CPI COLA subject to the 2% cap would have to be included as an additional adjustment of the 415 dollar limit. The limit was therefore adjusted to reflect a 2% per annum increasing benefit. The 13th check while contingent on excess earnings has been fully granted in all but two years and was assumed to be a permanent benefit and subject to testing as if permanent.
- To identify the testing population we used a threshold of the benefit being at least 90% of the calculated 415 age adjusted limit. For the 189 participants who retired since March 31, 2006 we used a lower threshold (75% instead of 90%) to compensate for the missing DROP data to determine our aggregate failure population.

With each of the component benefits identified we determined a potential failure group by making some general assumptions to identify potential test failures (participants in pay status receiving in excess of the appropriate 415 limit). This group would then be With these adjustments a testing population was defined if the benefit was at least 85% of the calculated 415 age and COLA adjusted limit.

Before this test group was resubmitted to SDCERS for verification of each of the data elements. The intent, we made additional assumptions where the data was not already available. The objective was to define a larger then needed population to capture any potential values before the case by case review proceeded. We added the following steps:

- While we had optional forms of benefit to convert to standard life annuities or qualified survivor benefits, we did not have information as to whether the beneficiary under the joint and survivor options was a qualified spouse. To be most inclusive we therefore assumed that all survivor benefits were non spouse beneficiaries and increased the base benefit to be 20% of the reported value to simulate the actuarial adjustment that might apply.
- We determined the total annual annuity for each retiree by adding the pension adjusted for form of payment, the 13th check benefits and the additional 7% Corbett benefit for pre 2000 retirees together (the Andrecht benefits were included in the pensions provided by SDCERS as their payment of this benefit was not contingent on excess earnings).
- We then tested all participants against the 415 limitation in effect at time of retirement, based on appropriate limits adjusted for age at benefit commencement, employment classification (general versus public safety), Year, year of retirement, defined normal retirement age and 2% automatic COLA (by using 80% of the limit as a maximum estimated adjustment).
- By taking a ratio of the sum of the benefit pieces to the appropriate 415 limit we identified all participants with a ratio of 9085% or greater.

From this process we defined the group of potential failure. ~~From this process we identified~~ of 342 participants in pay status to be submitted to SDCERS to go through each file and confirm the data used as well as identify additional information to use in the testing. This cohort is made up of 26 participants who retired prior to 1995, ~~and 291 who retired between~~ 1995 and March 31, 2006 ~~and 25 who retired between~~ 2006. We also added in any retirees ~~from~~ March 31, 2006 ~~and through~~ June 30, 2006 ~~and 2007 who were tested and subjected to~~ the lower threshold (75%) ~~to accommodate the potential benefits under the DROP of 75%.~~

~~We will use a set of assumptions in the testing that were jointly decided upon with Lee Miller and SDCERS which included:~~

- ~~• Not to account and offset for any post-tax employee contributions—these amounts could either offset the defined benefit tested or be subject to Section 415(c) testing. To the extent retirement occurred prior to 1995 when post-tax employee contributions could have a material impact they will be included in the testing~~
- ~~• Not to adjust for service purchases—It was agreed to include test benefits without offset as it was unclear if the data could be obtained to identify if such amounts were pre or post tax dollars, as well as securing which service was eligible for offset as qualified permissive service~~

Along with confirmation of the data used for this initial testing, we ~~will be~~ ~~requesting~~ ~~requested~~ information that would ~~affect~~ ~~affected~~ the final test including whether the benefits reflect

- Offset for benefits purchased from qualified rollovers amounts
- Eligibility for public safety limitations by virtue of having 15 or more years of service as a public safety employee
- Aggregation of benefits from a qualified domestic relations order in effect at the time of retirement
- Continuation for those participants with joint and survivor options in effect as to whether the beneficiary is a qualified spouse
- Post-tax contributions or employee benefits
- Pre or post tax rollovers used for the purchase of additional service benefits.

Making adjustments for the additional information as appropriate we will ~~run~~ ~~up~~ a final test on the 342 participants and determine the number of participants in receipt of benefit in excess of the appropriate 415 limit ~~with the COLA adjustment in effect at time of retirement.~~

~~The testing procedure does not reflect reduction of benefits for:~~

- ~~• Post-tax employee contributions~~
- ~~• Post-tax service purchases~~
- ~~• Limit adjustments for cost of living provisions contained in the SDCERS Code~~
~~Once the retroactive testing population is~~ was ~~defined we will provide~~ as 102 ~~retired participants for whom we prepared~~ a year by year comparison of the benefits payable including actual cost-of-living adjustments to the 415 limit adjust to age of retirement and benefit form ~~but without adjustment for COLA to demonstrate the benefits paid in excess. This process will continue annually~~ was ~~conducted for each of the retroactive testing retirees until their benefits fall~~

~~below the COLA adjusted 415 limits at which time there could mathematically be no incidence of failure under the current law with one or more years of benefit receipt in excess of the appropriate 415 limit from actual retirement date through June 30, 2007.~~

~~The net excess benefits were rolled forward at 8.0% from the end of the limitation year to June 30, 2007.~~

Procedure and assumptions to be applied in the determination of the appropriate 415 limits:

1. Applicable mortality and interest rate assumptions for the calculation of actuarial equivalents are: a gender blended 50/50 GAM 83 mortality table used through December 2002 and 94 GAR mortality table projected to 2002 using the AA projection scale, thereafter with an 8% interest assumption in accordance with Code Section 415(b)(2)(E)(i).
2. DROP balances ~~will be~~ annuitized at the date of actual retirement using the above assumptions.
3. 415 limits by age for general retirees ~~will be~~ based on the changes in the law under EGTRRA to reflect pre-65/62 reductions.
4. ~~Each calendar year's 415 annual limit will be applied based on the year of actual retirement. We used the 415 limit as defined in the limitation year by taking 6/12ths of the limit during the two calendar years that fall within the limitation year.~~
5. ~~Total~~The total annuity of each general retiree ~~will be~~ compared to the 415 limit based on age at retirement and year of retirement.
6. For retirees qualified as public safety, a comparison ~~will be~~ was made to the 415 limit based on ~~year~~ years of retirement. There ~~are~~ is no age adjustment made for public safety retirees ~~under age 65.~~
7. ~~The adjustment to the 415 limits for the automatic COLA will be assumed at the current cap of 2.0% per year.~~

Procedure to fill in missing information:

1. For retirees who have died, the value of their initial benefit ~~will be~~ is used and limitation applied in proportion to the a beneficiary's annuity.
2. ~~We will assume the largest paying plan for retirement benefit purposes if someone had multiple ID's.~~
2. ~~While we have optional forms of benefit to convert to standard life annuities or qualified survivor benefits, where information as to whether the beneficiaries under the joint and survivor options is not a qualified spouse we will adjust~~adjusted the benefit based on a factor determined by taking the ratio of the J&S annuity over the straight life annuity.

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Document comparison done by DeltaView on Monday, August 20, 2007
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Document 2	PowerDocs:///INDY/1928717/3
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Legend:	
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Style change	
Format change	
Moved/deletion	
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Deleted cell	
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Split/Merged cell	
Padding cell	

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Moved to	1
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Format changed	0
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Exhibit B: Cheiron Procedures on Prospective 415(b) Testing

San Diego City Employees Retirement System

Prospective 415(b) Testing

Prospective testing will be conducted first by SDCERS through a screening process that will combine detailed information provided through Pension Gold and a calculator developed to incorporate the various benefits to be included as defined benefits. Cheiron will be involved in verification of those benefits considered within a reasonable range of the maximum limitations to verify any adjustments to be made.

The calculator -- a sample screen in Exhibit G -- incorporates the current benefits provided to City employees as non-ancillary. The process will be similar to the retrospective approach and will differ through the potential inclusion of more accurate information on the nature of funds used in the purchase of service, and rollover amounts. It is also anticipated that at some point in time post-tax employee contribution information may be available for offset in the determination of the benefit subject to testing.

It is anticipated the calculator will also be adjusted from time to time to reflect changes in the testing procedure as a function of changes in defined limitation year, assumptions defined by the plan and changes in the application of automatic cost-of-living adjustments.

Exhibit C

	Project: SDCERS Tax Compliance	Mary Anne Walker DRAFT 08/09/2006
	Document: 415(b)	

415(b) Operational Process

1 Overview


This document presents the operational process implemented by SDCERS to:

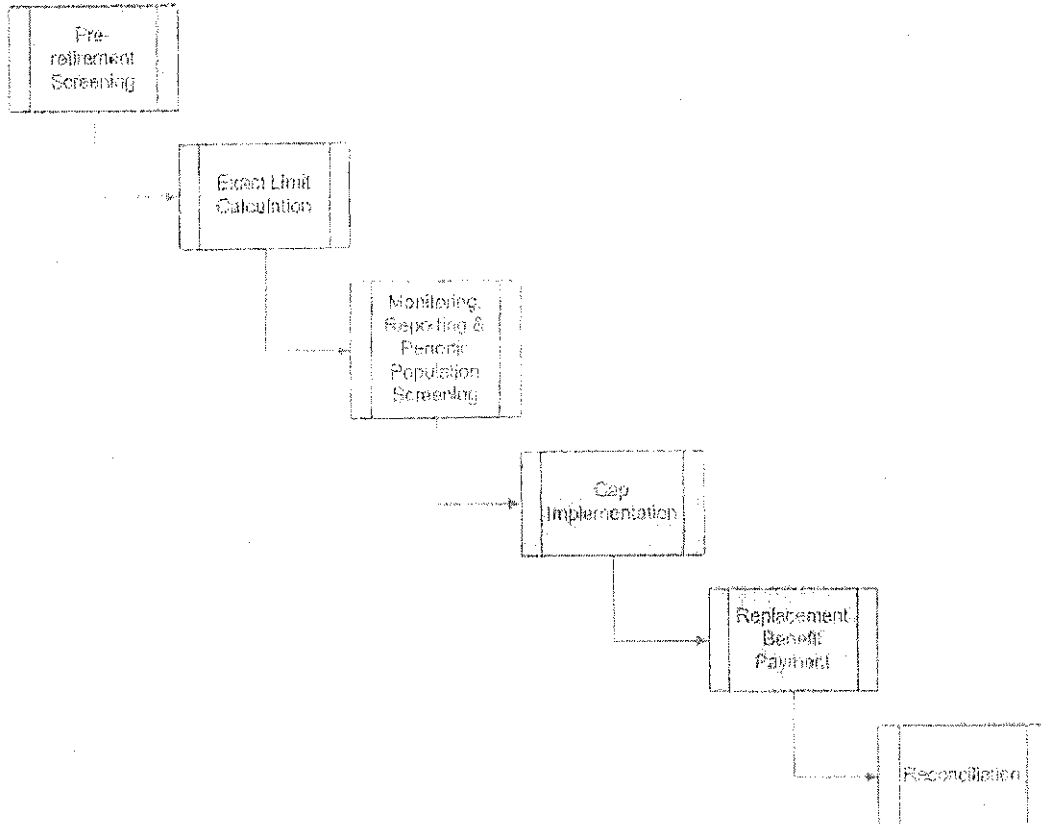
1. Screen benefits for 415(b) compliance
2. Cap benefit payments to those payees whose benefits exceed 415(b) limits

The key stakeholders in this process are:

- **Members and their associated payees**, currently receiving benefit payments and subject to 415(b) limitation
- **Member Services staff members**, responsible for counseling retirees and entering 415(b) data into PensionGold
- **Member Services manager(s)**, responsible for monitoring 415(b) limited payees and coordinating the cap implementation and replacement benefit payments
- **SDCERS' actuarial firm, Cheiron**, responsible for reviewing referred payee data and calculating exact 415(b) payee limits
- **Legal department**, responsible for participating in the Senior Management Review Group
- **SDCERS Board**, in maintaining the tax qualified status of the plan

The highest level process flow is as follows:

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2 415(b) Screening and Monitoring Process

2.1 Pre-Retirement Initial Screening and Counseling

It is very important that the Member Services staff members be able to effectively and accurately counsel members who may be subject to 415(b) benefit limitations. The staff members will need to produce an initial “worst case scenario” screening result, by entering key member data into the Cheiron screening tool. Some data elements, such as retirement effective date, may be estimated at this early stage. If pre-retirement testing indicates that the member’s combined benefit may be within 95% of their limit, then he or she is counseled accordingly, and the file is flagged.

During the Member’s counseling session, it must be determined whether or not Safety Members have met the IRS definition of Safety at anytime during their career. If they have, the staff member will set the IRS Safety flag in the member’s PensionGold record.

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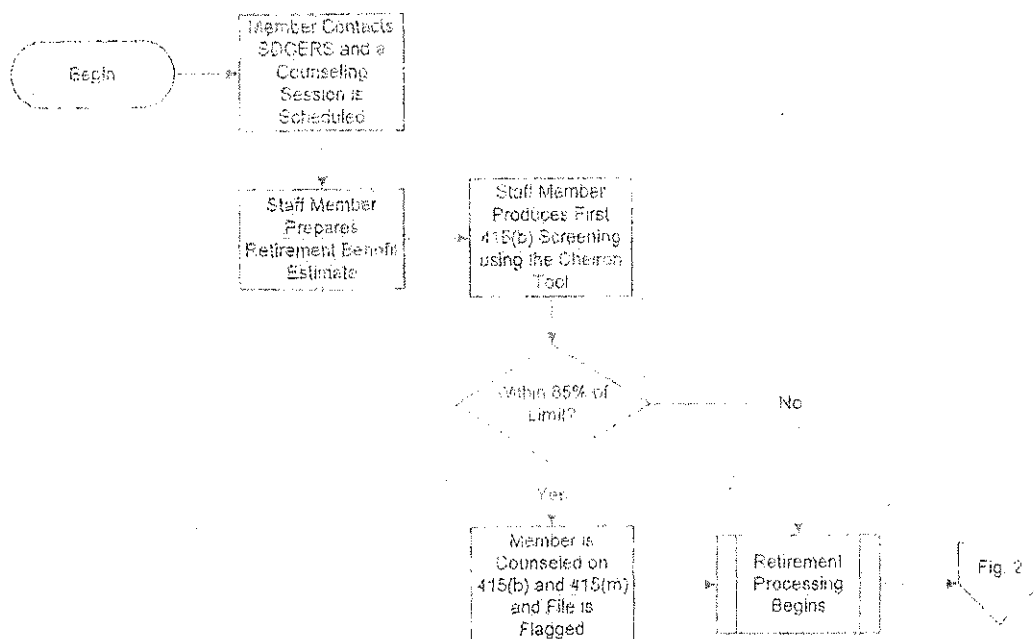



Figure 1

2.2 Establishment of the 415(b) Limit at Retirement

Once an application is made for retirement and the benefit set-up process has begun, the initial 415(b) test is repeated with final retirement information. If still within 95% of the limit used in this first level screening, the member's file will be referred to the 415(b) Review Group. This group, made up of representatives from Legal and Senior Management, will review the member record. They will confirm the staff member's IRS Safety determination and assess the record for possible exemption. If the member is exempt ("grandfathered") from 415(b) limitation, the 415(b) Exempt flag is set in their PensionGold member record and they will be excluded from future screening. If it is determined that no exemption exists, they will approve the referral of the member's data to Cheiron.

Cheiron will use the detailed data from the member's file, to complete the calculations necessary to arrive at the exact 415(b) benefit limit to be applied to the member in the current year (the year of retirement). Staff members are responsible for entering this limit, along with its effective date into the PensionGold member record.

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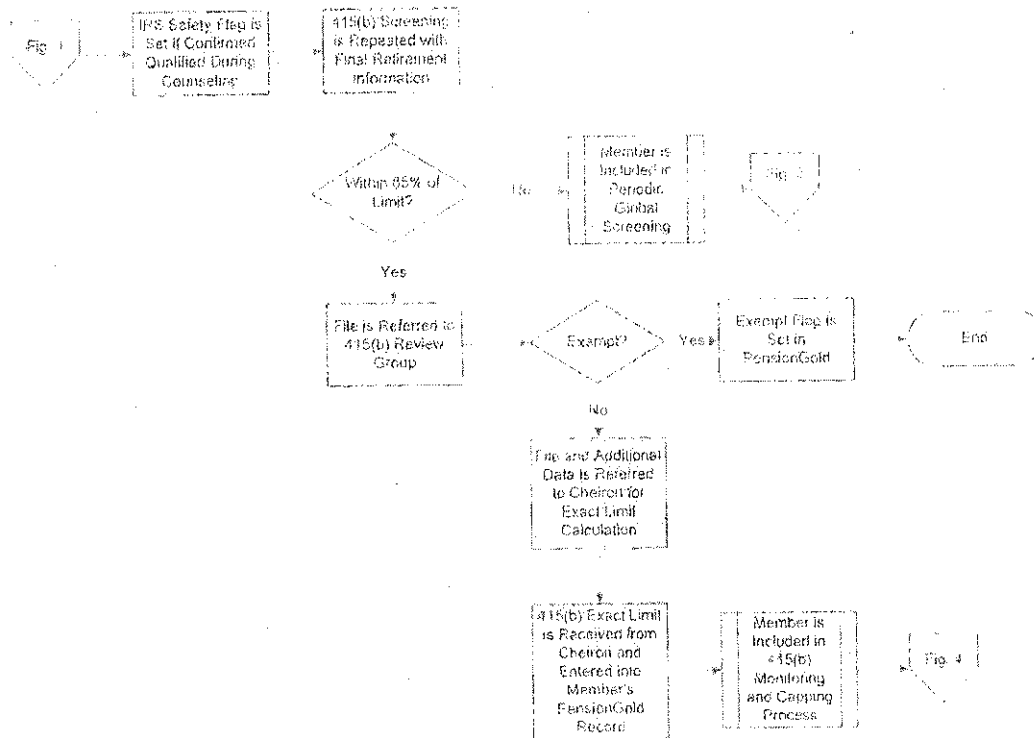



Figure 2

2.3 Periodic Screening of Payee Population

The Senior Management Group will request the periodic screening of the entire population of payees currently receiving a benefit. This worst-case screening will return a listing of anyone within 95% of the limit, but for whom there is no specific limit already populated in PensionGold. By doing this screening periodically, SDCERS can ensure that no payee has been overlooked. If anyone is returned on this periodic screening, they will immediately be reviewed and their data sent to Cheiron, as appropriate.

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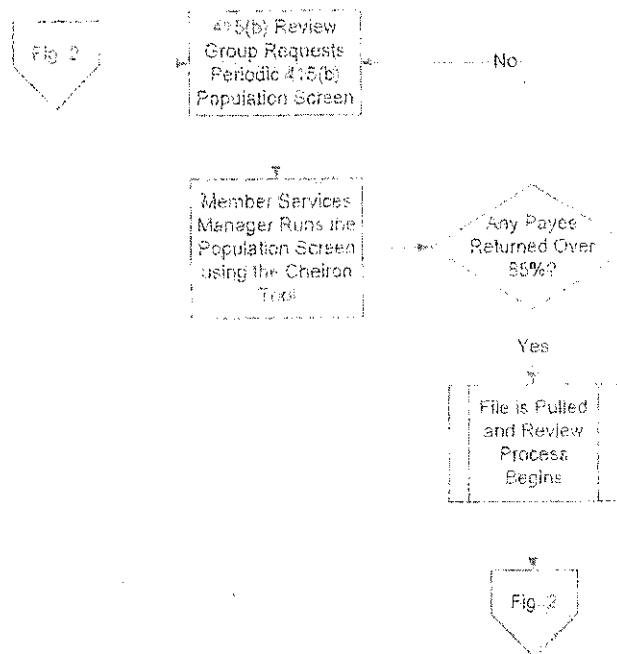


Figure 3


2.4 Monthly Payroll Monitoring

Once a specific limit has been entered into a payee's PensionGold record, their data will appear on monthly payroll monitoring reports. These reports are run as a part of the Normal payroll process, and provide managers with a means of monitoring those payees whose benefits will be capped during the year. The Member Services Manager will review the report, making note of any payees who are projected to exceed their specific limit during the calendar year. Preparations must be made well in advance to ensure that the correct adjustments are in place and that the plan sponsor's 415(m) replacement plan has been funded.

	SSN	Subject	Assoc	YTDBenefit	MonthlyBen	ProjectedBen	CAP	AnnOaCap	EstFull
▶				13 613 02	9 206 01	114 194 52	77 360 00	36,844 52	
			QDR	18,323 12	2 157 11	102 191 61	24 000 00	18 191 61	2

Monthly 415(b) Payroll Report Sample

The 415(b) Payroll Report should be run well in advance of each Normal payroll closing. The Member Services Manager will review the report, making note of any payees who are projected to exceed their specific limit during the calendar year. Preparations must be made well in advance to ensure that the correct PensionGold benefit adjustments are in place and that the plan sponsor's 415(m) replacement plan is ready with replacement

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benefit funds. Details on how benefits are capped and replaced are presented in the next section.

3 415(b) Capping Process

A modified cliff process allows SDCERS to pay out complete DROP payments, as well as enough retirement benefit dollars to cover any deductions, without exceeding the 415(b) calculated by Cheiron. It will also make it possible to advise the City of the amount needed to fund the 415(m) payment, in advance of cap implementation later in the year.

The only exception to this modified cliff implementation method, is for new retirees receiving less than a full twelve months of benefit payments in their first year.

3.1 Cap Calculation: Pro-rated First Year

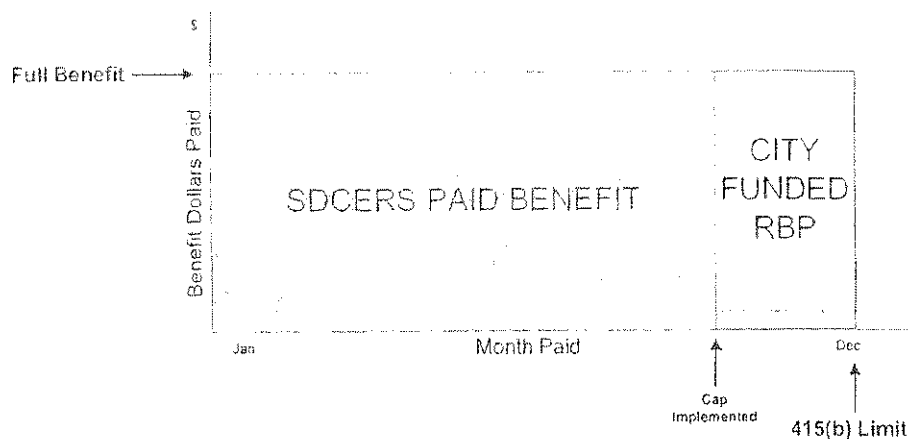
It will be necessary to pro-rate the annual limit and apply it monthly to benefit payments made in an initial partial year of retirement. This means that the first benefit payments made to a member who will exceed their 415(b) limit, may need to be capped. This proration is necessary only in a partial first year of retirement.


3.2 Cap Calculation: Full Year

3.2.1 Accommodations for Payroll Deduction

Cheiron will supply an individually calculated 415(b) limit for each of the payees subject to capping. In order to accommodate DROP payments, and any payroll deductions that the payee may have (this is especially important in the case of healthcare premium deductions), the actual limit implementation point will be adjusted by the total deduction amount times the number of months paid out of the City 415(m) fund.

The following diagram illustrates the cap implementation model:



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3.2.2 Exception Cases

- **Final Benefits Check is "Not Enough Gross" to Handle Deductions**

If Payroll Analysis indicates that this is the case, then the cap will be implemented one month earlier. The Payroll Analysis report will be used to confirm correct payments required for each month. All other procedures will remain unchanged.

- **Deduction Change During Capped Period**

If it becomes necessary to change deductions during the capped period (death of a spouse, for example), it will be necessary to complete another Payroll Analysis report and change the offsetting payroll adjustment to accommodate the change. This should be done after the new deduction is in place, as the Analysis report uses the current deduction values stored in PensionGold.

- **Death During Capped Period**

If a payee dies during the capped period, we will have additional benefits that will need to be paid out. This amount will be equal to the amount of the deductions not taken through the end of the year. Replacement benefits equal to this amount may need to be repaid to the City.

3.3 Steps to Implementing 415(b) Cap

3.3.1 Monitor Monthly Payroll Screening Report

Any payee for whom a specific limit has been established by the Cheiron, will be monitored prior to each Normal Payroll, as detailed in section 2.4 above. When it has been confirmed that a payee's projected benefit will exceed their 415(b) limit, their cap will be implemented through a payroll adjustment in their PensionGold record.

3.3.2 Produce Individual Payroll Analysis

- **Run the Payroll Analysis in the Screening Tool**

This tool will help analyze the payments remaining, and calculate the appropriate splits in the transition month.

Report Run Date May 5, 2006

SSN	Subject	Assoc	YTDBenefitPd	MonthlyBen	ProjectedBen	CAP	AmtdOvrCap	LsifulMc
XXX-XX-	Loveland, George		\$ 64,774.99	\$ 16,193.75	\$ 194,325.00	\$ 152,031.00	\$ 42,294.00	8
XXX-XX-	Jane Doe	DRO	\$ 18,328.12	\$ 8,157.11	\$ 102,101.61	\$ 84,000.00	\$ 18,101.61	9

Notice that John is expected to receive his last full benefit check from SDCERS in August. So in May, his information is verified and appropriate adjustments made to limit his benefits in PensionGold for September through December.

- **Review Payee's Record**

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	Document: 415(b)	

This is a crucial step! While the Payroll Analysis Report will assist the staff members in their 415(b) capping assessment, it cannot and should not be relied upon exclusively. The safest path will be to complete the report, and use it for reference while reviewing the payee's record in PensionGold. Verify the following crucial information:

- Year to Date Gross
- Total Deductions
- 415(b) Limit
- Benefit Dollars Remaining

An important part of the assessment, will be to run the Individual Screening report in the Screening Tool. This report will present the following in detail:

- Annual Benefit/Cap Projections (current year and next year)
- Current Benefit Detail (displaying retirement benefit, DROP, deductions)
- Current Year Monthly Benefit Projections (monthly breakdown of SDCERS paid and City funded payments)

3.3.3 Enter Off-set Adjustments in PensionGold


It can be safely assumed that all payees subject to a 415(b) cap will have an "odd" month where the final benefit dollars paid will not equal a full month's standard benefit payment. This will require two offsetting adjustments be set up.

3.3.4 Withholding Tax Changes

It should be noted that withholding taxes defined for capped members in PensionGold, will need to be halted or revised during capped benefit months. The member should be consulted on how they would like to have their withholding taxes managed.

3.3.5 Continue to Monitor Monthly Report

It is important to continue to monitor capped payees through the final payroll of the year. This is a safeguard against any additional payments setup in error that may take someone over his or her cap. Appropriate managers and staff members should become very familiar with capped payees and their status.

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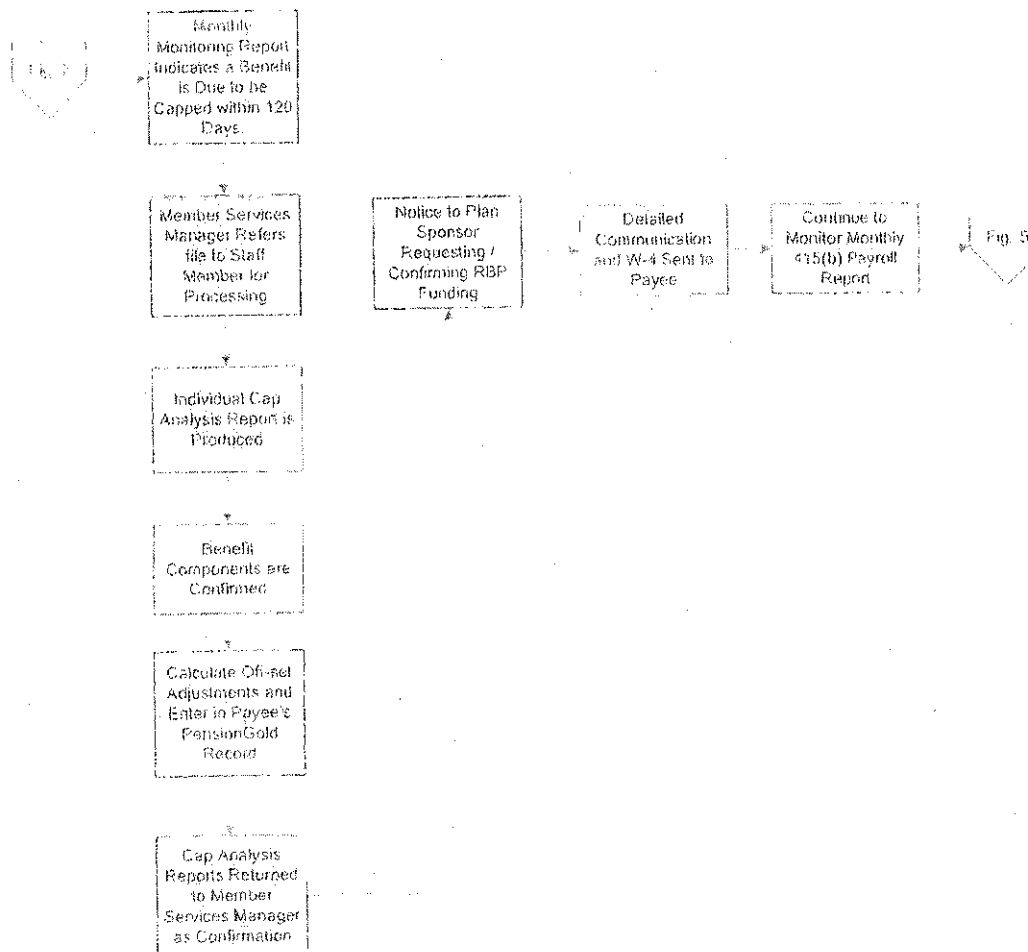



Figure 4

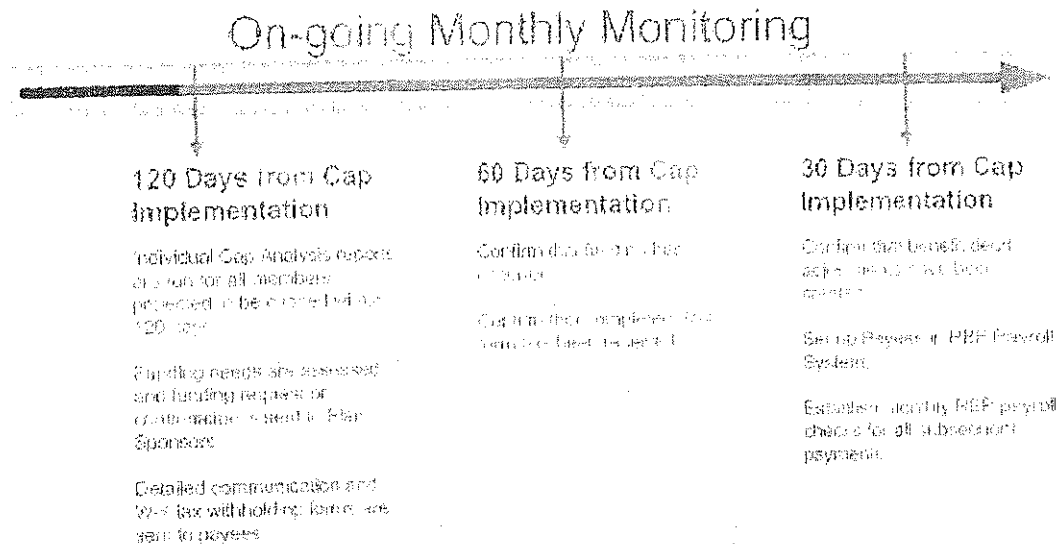
4 415(m) Replacement Benefit Payment Process

SDCERS is responsible for four critical functions in the 415(m) replacement benefit process.

- Communication with Plan Sponsors
- Replacement Benefit Program (RBP) Funding Management
- Issuance of RBP payments to capped payees
- Program Reconciliation and Administrative Cost Allocation

The first three functions must be executed according to the following timeline:

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The Program Reconciliation and Cost Allocation functions will be executed during those periods in which payees' benefit are capped and replaced by the RBP.

4.1 Communication with Plan Sponsors

4.1.1 Annual Notification of 415(b) Projections and Reallocations

In January of each year, the Member Services Manager will produce a series of 415 analysis reports, to be used for planning and reconciliation by SDCERS and its Plan Sponsors. The following will be sent to the Plan Sponsors:

1. **Currently Capped Benefits** – This is the report used in the 415(b) Monthly Payroll process. By sending it to the Plan Sponsors early in the year, they will have the information necessary for planning fund transfers and credits to contributions payable.
2. **Retro-active Reallocations as Needed** – If a payee whose benefit has been capped, dies during the period of time that the RBP is active, then he or she will not have reached the full 415(b) benefit cap for the year. In this case, A reallocation of funds must take place between the SDCERS benefit fund and the RBP. The Member Services will need to calculate the amount to be refunded to the RBP and credited to contribution owed by the Plan Sponsors.
3. **Invoice for 415(m) Administration Costs** – SDCERS must be reimbursed for the cost of administering the RBP program on behalf of the Plan Sponsors. In January, the Accounting manager will produce an invoice for each Plan Sponsor, based on the number of payees participating in the RBP during the previous year.

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4.1.2 Periodic Communication and Funding Request

The monthly payroll process¹ includes the generation and review of the Currently Capped Member Benefits report. This listing will be produced by Member Services, reviewed and included in the standard payroll packet of documents.

The Senior Manager responsible for funding management, will determine when and how much money will be needed to fund the RBP. This is done using the Individual Cap Analysis reports for each payee projected to reach the cap within 120 days. These individual reports will break down the amount to be paid each month from the RBP and from SDCERS standard benefits fund.

It will then be necessary to identify the plan sponsors associated with these payees, and to submit a summary funding request, along with copies of the associated Individual Cap Analysis reports.

The following diagram illustrates this high-level process.

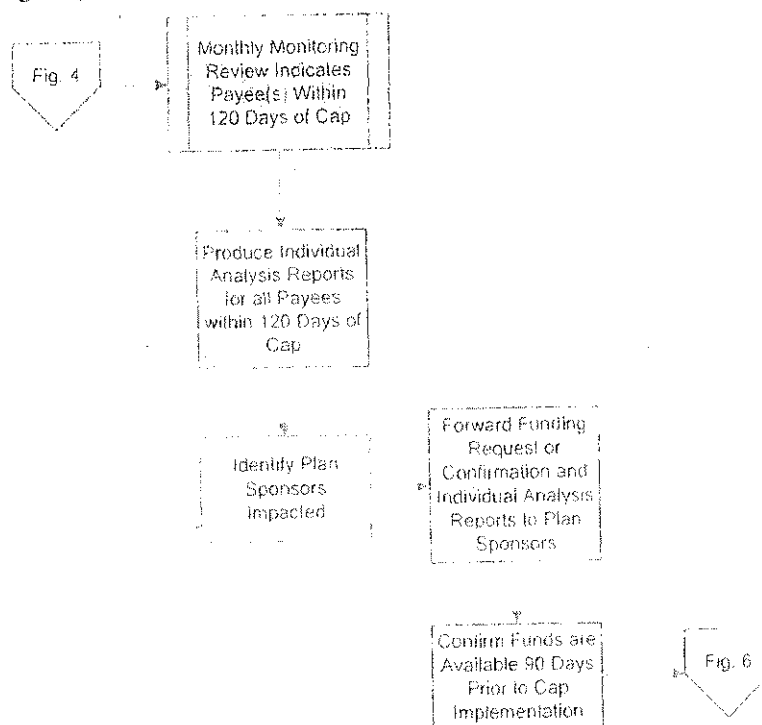



Figure 5

¹ 415(b) tasks in the monthly payroll process are discussed in section 2.4.

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4.2 Replacement Benefit Funding Management

Although SDCERS will be administering the 415(m) RBP program for its Plan Sponsors, all funds used to pay replacement benefits to payees capped by 415(b) limits, must be provided by the Plan Sponsors. Further, these funds must be maintained in an account clearly separate from SDCERS' benefit funds.

Upon receipt of the funding request from SDCERS, each Plan Sponsor will have sixty days to transfer the money into the RBP account. The Accounting manager will monitor this account to ensure that the funds are received in time to pay out to capped members.

4.3 Issuance of RBP Payments to Capped Payees


4.3.1 Preparation

Sixty days prior to issuing an RBP payment to a payee, the Accounting department will confirm that the following information and documentation is available:

1. W-4 form completed by Payee
2. Social Security number
3. Full name and mailing address
4. EFT banking information as applicable

Thirty days prior to issuing an RBP payment, it will be necessary to confirm that the payroll debit adjustments have been set correctly in the payee's PensionGold record. This is confirmed by running the Individual Cap Analysis report for the payee, and comparing it to the records in PensionGold.

- Confirm that the **Effective Date From** of the 415(b) adjustment is the first day of the first month in which the 415(b) cap will be implemented. In all likelihood, if the payee will be capped for more than one month, it will be necessary to enter more than one adjustment for the payee. This is because there is an "odd" amount paid out in the first capped month, as illustrated in the following example:

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Individual 415 Cap Analysis

TAXES

Payee: 
 Member:  (General, New-form 401)

Annual Cap Projections									
EST.	Balance	Age	Rate	Rate	Rate	Rate	Rate	Rate	Rate
1/1/00	1/1/00	1/1/00	1/1/00	1/1/00	1/1/00	1/1/00	1/1/00	1/1/00	1/1/00

Current Benefit Detail					
Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
1/1/00	1/1/00	1/1/00	1/1/00	1/1/00	1/1/00

Current Year Monthly Benefit Projections											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1/1/00	1/1/00	1/1/00	1/1/00	1/1/00	1/1/00	1/1/00	1/1/00	1/1/00	1/1/00	1/1/00	1/1/00

* Assoc. Costs represent current payment types associated with this member account.
 C = Contribution, D = Deduction, G = Gross, R = Retirement, S = Surcharge, T = Tax, U = Unemployment, V = Voluntary, W = Withdrawal, X = Other

We can see that two adjustments will be needed, in different amounts to achieve the payment indicated:


November

Monthly Benefit: \$8,258.26
 Max Benefit to be Paid: \$7,678.28
 Adjustment Amount: \$ 579.98
 Effective From: November 1st, 200X
 Effective Until: November 30th, 200X

December

Monthly Benefit: \$8,258.26
 Max Benefit to be Paid: \$ 961.29
 Adjustment Amount: \$ 7,296.97
 Effective From: December 1st, 200X
 Effective Until: December 31st, 200X

Note that these adjustments are only effective for a single month, and beginning in January of the subsequent year the payee will be returned to their full benefit payment. It should be further noted that these two adjustment amounts are also the amount of 415(m)

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payments needed from the plan sponsor in each capped month to total the regular monthly benefit.


The Member Services department is responsible for creating the adjustments at least ninety days prior to the first capped month. The Member Services Manager will verify that they have been created, and coordinate with the Accounting Department to ensure that the RBP payment will equal the adjustment amount.

Thirty days prior to issuing an RBP payment, the Accounting department must establish a payment record for the payee in the RBP payroll system. The record must include appropriate payroll tax withholdings, processed using the associated Plan Sponsor's Employer Identification Number (EIN). If the payee will be receiving the RBP as an EFT transfer, it will be necessary to make those bank file transfer preparations as well.

4.3.2 Payment Issuance

It is very important that SDCERS work to minimize the impact that 415(b) benefit capping and 415(m) benefit replacement has on its members and their associated payees. Toward this end, the Member Services Manager must ensure that the payee's RBP payment is received at the same time as the regular benefit payment portion. If the payee receives a check, then the Accounting manager should forward it to Member Services so that it can be combined in a single mailing. If the payee receives an EFT, then every effort will be made to ensure that both EFTs are credited to the payee's account on the same day. Advice notices should be combined in a single mailing.

Tax withholding deposits must be made according to the IRS rules, and using the EIN associated with each Plan Sponsor associated with capped the payees. Each January, a W-2 will be issued to each payee that received 415(m) replacement benefits from the RBP. These will be issued by the Accounting department, and must be reconciled to the withholding tax amounts reported during the year.

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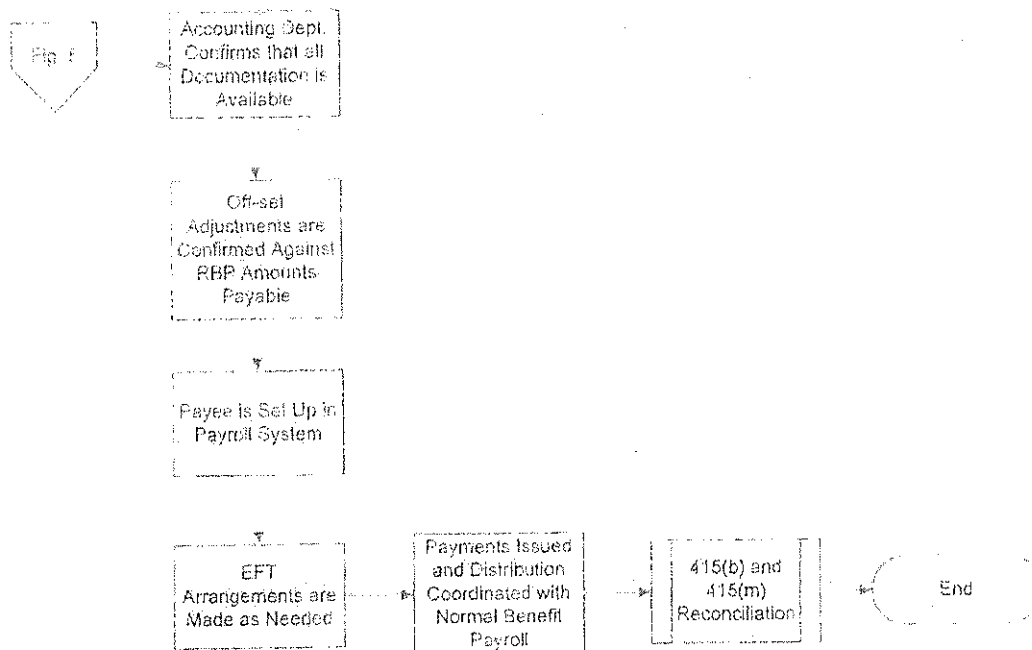



Figure 6

5 Program Reconciliation & Cost Allocation

5.1 Tools

5.1.1 415(b) Payroll Adjustments

PensionGold produces the primary payroll report used by the Accounting Staff for their reconciliation. The Adjustments Register (BENR0002) is a member-level detailed report, and will supply the analysts with complete data on any 415(b) adjustments during a particular payroll. The following steps are taken to run this report:

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SDCERS for administration of the RBP will not be combined or in any way mixed with those funds used to pay replacement benefits.

6 Error Resolution

If any discrepancy is found, the Accounting Assistant Manager will immediately notify the Benefit Manager and confirm that the 415(b) Payroll adjustments taken were appropriate and correctly reflected all 415(b) limit reporting used during the process. If the discrepancy is found to be on the Plan Sponsor side, the Accounting Manager will contact the appropriate Plan Sponsor representative to report all findings and provide documentation as needed for resolution.

Version Control

Version	Date	Changes from previous version
1.0	05/05/06	Initial Draft

	Project: SDCERS Tax Compliance	Mary Anne Walker DRAFT 06/27/2006
	Document: 415(c) Operational Process	

415(c) Operational Process

1 Overview

This document presents the operational process implemented by SDCERS to:

1. Screen individual post-tax contributions for 415(c) compliance, prior to acceptance;
2. Screen entire active member population with post-tax contributions annually;
3. Implement a refund of contributions program for those members found to have contributed beyond the applicable 415(c) limits.

The key stakeholders in this process are:

- **Active Members** making post-tax contributions;
- **Plan Sponsors** who employ SDCERS members;
- **Member Services staff members**, responsible for qualifying and accepting post-tax contributions;
- **Member Services manager(s)**, responsible for monitoring requests for post-tax service purchase contributions, and coordinating communication and information exchange with plan sponsors;

Also responsible for annual active population screening and implementation of reduction according to priority agreed upon with plan sponsors.

The highest level process flow is as follows:

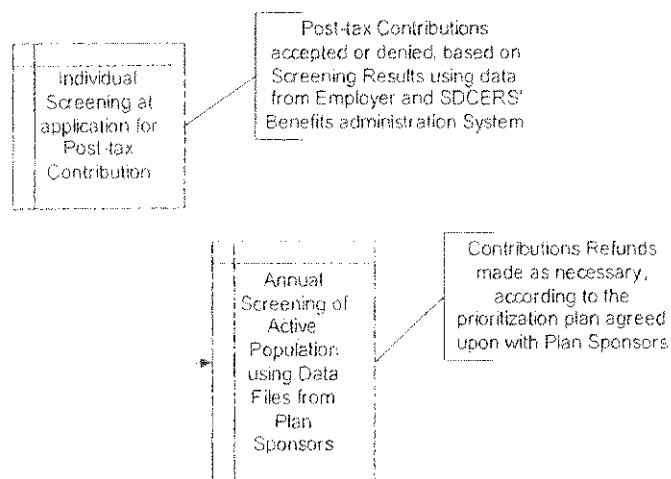



Figure 1

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2 415(c) Post-tax Contribution Screening

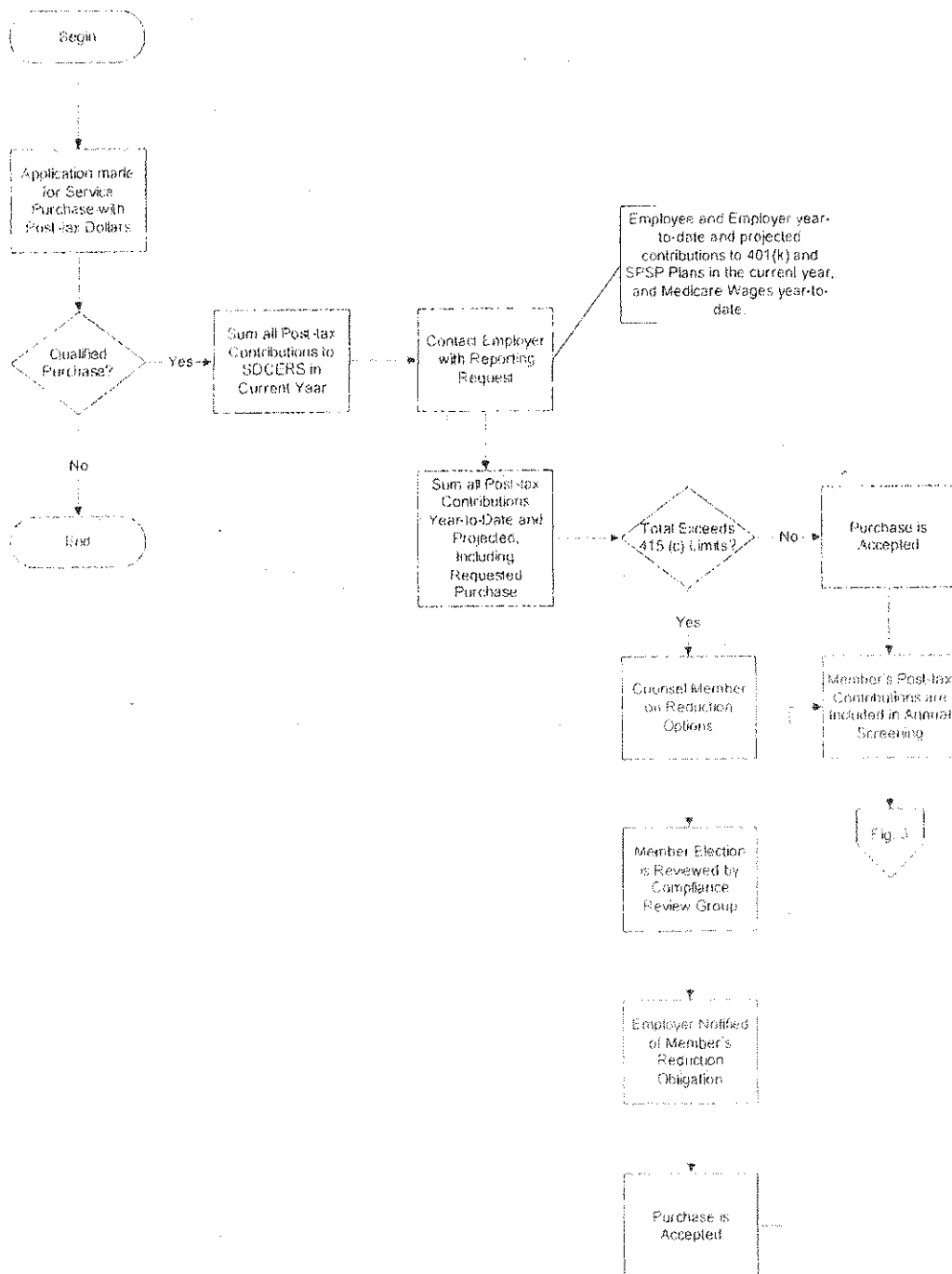



Figure 2

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2.1 Individual Application and Screening Process

When SDCERS is approached by an active member with a request to purchase service time using post-tax dollars, SDCERS must complete 415(c) screening prior to accepting the purchase.

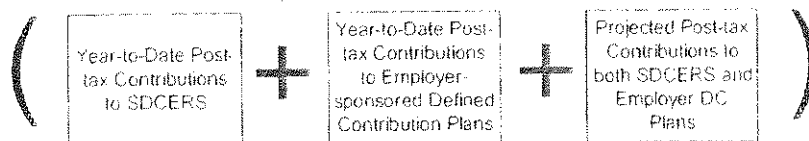
2.1.1 Aggregation of All Post-tax Annual Contributions

Step 1. Review and Qualify Application for Service Purchase

SDCERS' Member Services staff members will receive the request for service purchase from an active member, and determine whether or not the member is actually eligible to purchase the time requested.¹ If eligible to make the purchase, and the purchase is to be made with post-tax dollars for any type of service *other than permissive service credit*, the application is marked for 415(c) testing before the application and any funds have been accepted. For a detailed explanation of permissive service credit, please see the Ice Miller 415 report.

Step 2. Aggregation of Current Year Contributions

- Sum all year-to-date non-permissive service credit purchases, made with post-tax SDCERS contributions by the member.
- Contact the member's employer with a request for a report of the member's year-to-date after-tax contributions to 401(k) and SPSP plans. It is important that this report also indicate the *projected* contribution total for the current year, and that both employee and employer contributions are included. Further, the report must include the member's year-to-date Medicare wages.
- Assess the year-to-date total and projected current grand total of all post-tax contributions, including the requested service purchase.




2.1.2 Testing and Contribution Reduction

Step 3. Testing Against 415(c) Limits

- Compare the sum total of all year-to-date and projected post-tax contributions, as derived in Step 2 above, to the current year 415(c) limits. If the sum total is less

¹ This is done according to the existing process for processing service time.

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than the applicable 415(c) limit,² then the post-tax service purchase may be accepted by SDCERS.³


- If the sum total is greater than the applicable limit, the member must be counseled on the need to reduce or stop his or her contributions to the employer's defined contribution plans in the current year. Reductions may also be necessary in the following year(s) if a long term service purchase contract is established with SDCERS.

$$\left(\begin{array}{|c|} \hline \text{Year-to-Date Post-tax Contributions to SDCERS} \\ \hline \end{array} \right) + \begin{array}{|c|} \hline \text{Year-to-Date Post-tax Contributions to Employer-sponsored Defined Contribution Plans} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Projected Post-tax Contributions to both SDCERS and Employer DC Plans} \\ \hline \end{array} \left) < \begin{array}{|c|} \hline \text{Lesser of 100\% of Compensation OR Current Contribution Limit as Set by IRS} \\ \hline \end{array}$$

Step 4. Contribution Reduction

- After counseling, if the member elects to make the SDCERS service purchase and reduce contributions to the employer's DC plans, a worksheet will be given to the member, and a copy forwarded to the employer.
- The worksheet will contain the following critical information:
 1. The applicable 415(c) limit for the current year
 2. Calculations indicating the amount that will exceed the limit, if the purchase is made
 3. Required reductions, according to the following priority:
 - First: 401(k) – excess contributions refunded to the member
 - Second: SPSP - voluntary contributions only
 - Third: SDCERS – purchase total reduced
 4. Total amount of service to be purchased, and the total amount in post tax dollars to be accepted by SDCERS.
 5. Member's signed acceptance of responsibility for notifying his or her employer of the necessary reduction(s) to the DC plans.

² For detailed information on how to determine which limit will apply, please see the Ice Miller 415 Strategy Report.

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2.2 Annual Screening Process

At the end of each calendar year, SDCERS will test all members from whom post-tax contributions were accepted during the year. In order to execute this test, it will be necessary to receive a data file from each of the plan sponsors. This information will be combined with post-tax contribution data from PensionGold, and analyzed. Any member found to have over-contributed during the year, will receive a refund of those excess contributions.

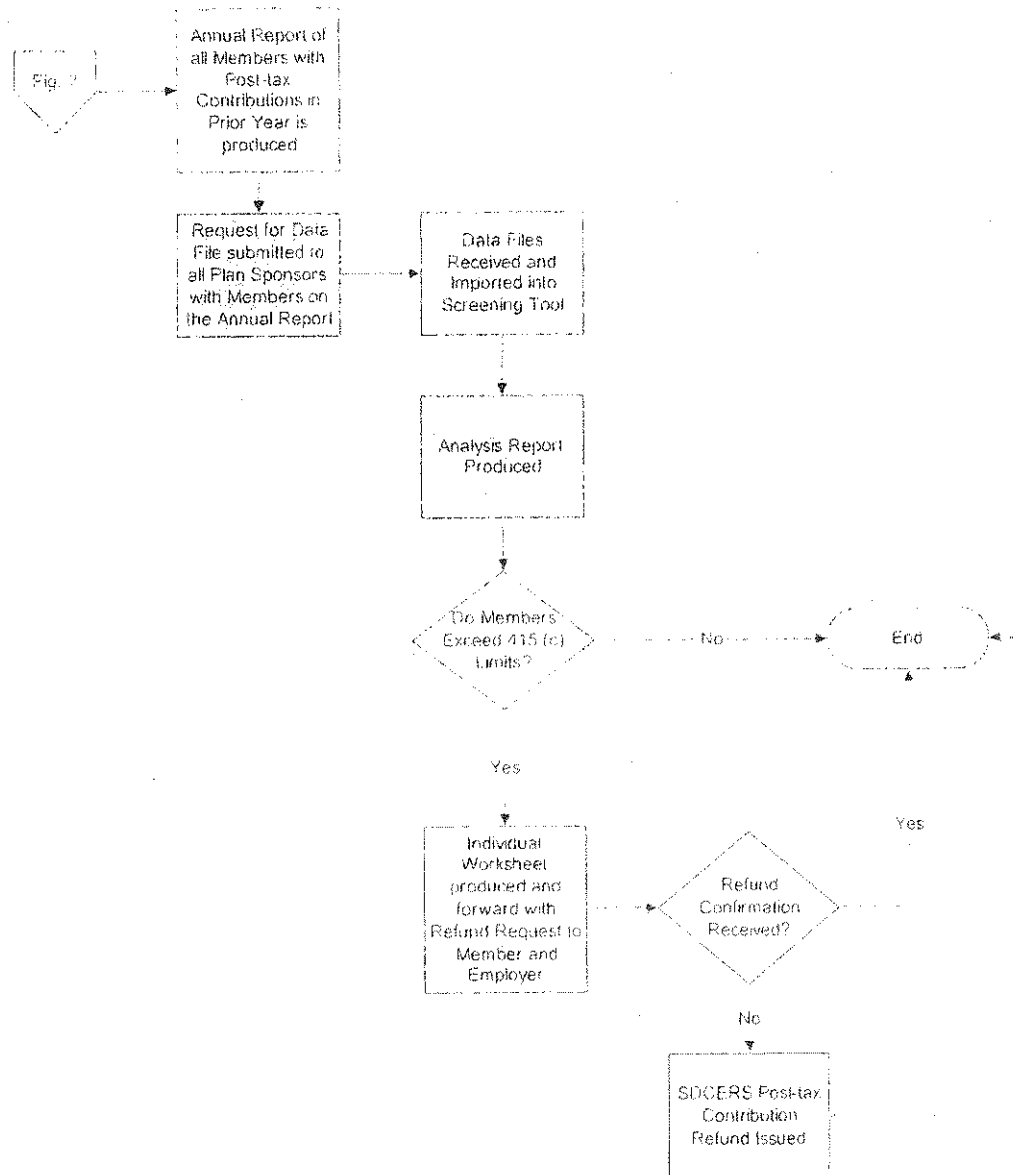



Figure 3

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	Document: 415(c) Operational Process	

2.2.1 Production of the Annual Report

In February of each year, the Member Services manager will produce the 415 (c) Annual Report for the previous calendar year, using the 415 Screening Tool. This report will provide a listing of all members with post-tax contributions during the previous year, along with the following information that will make it possible to request plan sponsor data:

- Name
- Employee ID or SSN
- Employer
- Total Post-tax Contributions
- 415(c) Limit (as determined at point of Service Purchase)
- Reduction Required Y/N (at the point of Service Purchase)

2.2.2 Receipt of Plan Sponsor Data

In February of each year, SDCERS will request a data file from each of its plan sponsors, to be used in 415(c) limit testing for the previous calendar year. This file must contain the following information for each of the SDCERS members requested:


- Name
- Employee ID or SSN
- Total Medicare Wages
- Total 401(k) Employee Contributions
- Total 401(k) Employer Contributions
- Total SPSP Employee Contributions
- Total SPSP Employer Contributions

When the plan sponsor's data files are received by SDCERS, they will be imported into the screening tool, and the 415(c) Annual Analysis report will be produced.

2.2.3 Production of the Annual Analysis Report

The Annual Analysis Report will return a detailed listing of all members with post-tax contributions to SDCERS in the calendar year selected by the user. The tool will use both PensionGold data and the plan sponsors' data files to determine whether the members listed have exceeded the 415(c) limit. The following information will be included for all members returned on this report:

- Name
- Employee ID or SSN

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- Employer
- Total Medicare Wages
- Total 401(k) Employee Contributions
- Total 401(k) Employer Contributions
- Total SPSP Employee Contributions
- Total SPSP Employer Contributions
- Total SDCERS Post-tax Contributions
- Grand Total Post-tax Contributions in All Plans
- 415(c) Limit
- Contribution Amount Exceeding Limit (if any)

2.2.4 Process to Return Excess Contributions

If any member on the Annual Analysis Report is found to have an amount exceeding his or her 415(c) limit, the Member Services manager will review that member's file. The file should contain the worksheet produced during the service purchase process. The file may then be referred to the Compliance Review Group for further review, as appropriate.

Step 1. Send Notification and Return of Contributions Request

Detailed communication and a completed worksheet will be sent to the member and the member's employer. This communication will clearly state the amount and source of excess contributions that must be returned to the member, according to the following priority:

First: 401(k) – excess contributions refunded to the member

Second: SPSP - voluntary contributions only

Third: SDCERS – purchase total reduced

Step 2. Receive Confirmation of Returned Contributions

This communication will include a request for confirmation of the returned contributions, once completed. If confirmation is not received within 120 days of the request, SDCERS will return the excess contributions from the member's SDCERS account, reducing service time accordingly.

Version Control

Version	Date	Changes from previous version
1.0	06/27/06	Initial Draft

Exhibit E. Chevron 415(b) Testing Assumptions

SDCERS 415 Testing Assumptions

Assumptions

- 1 Testing 415 limits on retirees who retired after January 1, 1995.
- 2 Used a blended GAM 83, or GAR 94 after 2002, mortality table, 50/50 with 8% interest assumption (the rate referred to in City Code).
- 3 The DROP account balances are annuitized using retirement age and the 50/50 blended GAM83 or GAR 94 after 2002 mortality, 8% interest.
- 4 The 415 limits are listed by year of retirement.
- 5 General retirees have limits that are adjusted by age using the mortality table from age 62 and the standard reductions from age 65 -62.
- 6 Assumed the uniformed retirees do not have an age limit.
- 7 Assume that plan ID's of 3,4,5 and 10 are uniformed.
- 8 The overall limits do not take into account employee after-tax contributions.

Benefit Database Source

Annuity is the employee provided retirement benefit
Pension is the employer provided retirement benefit
Base amount is the sum of these benefits

Plan Codes

1	Elected officials	General
2	General employees	General
3	Life guards	Uniform
4	Police	Uniform
5	Fire	Uniform
10	UPD safety	Uniform
11	UPD general	General
12	UPD executive	General

Determination of Accumulated Payments From SDCERS Over 415 Limits

Total Payment	415 Limit	Actual Monthly Payment	Payment Allowed by 415 Limit	Monthly Overpayment	Retirement Date	Months Receiving Overpayment	Cumulative Overpayment	Cumulative Overpayment Through 12/31/2006
80,749.44	32,234.50	\$6,494.30	\$2,592.47	\$3,901.83	12/7/2004	25	\$105,462.16	Interest Rate 8.00%
174,381.66	104,337.01	\$14,024.71	\$8,391.34	\$5,633.37	12/31/2005	12	\$70,044.65	
125,297.20	84,094.19	\$10,077.07	\$6,763.31	\$3,313.77	11/5/2004	26	\$93,457.48	
95,573.39	66,000.00	\$7,686.53	\$5,308.07	\$2,378.45	6/29/1996	126	\$459,725.96	
196,467.78	139,213.68	\$15,801.00	\$11,196.31	\$4,604.68	4/27/2005	20	\$97,946.09	Total
140,595.47	101,268.27	\$11,307.44	\$8,144.54	\$3,162.90	4/22/2004	32	\$111,987.52	Overpayment
118,119.92	92,228.73	\$9,499.84	\$7,417.53	\$2,082.31	11/4/2004	26	\$58,726.90	
183,212.74	143,308.20	\$14,734.95	\$11,525.62	\$3,209.34	2/3/2006	11	\$36,460.62	
82,918.26	66,000.00	\$6,668.73	\$5,308.07	\$1,360.66	6/10/1995	139	\$304,253.95	
102,562.68	84,094.19	\$8,248.64	\$6,763.31	\$1,485.33	12/18/2004	24	\$38,414.45	
97,825.53	80,917.50	\$7,967.66	\$6,507.82	\$1,359.84	7/20/2002	53	\$85,559.52	
162,189.77	135,119.16	\$13,044.17	\$10,267.01	\$2,777.16	9/24/2004	27	\$63,974.31	
104,834.23	89,433.92	\$8,431.33	\$7,192.76	\$1,238.58	10/11/2003	39	\$54,706.49	
87,909.99	75,000.00	\$7,070.11	\$6,031.90	\$1,038.21	9/17/2001	63	\$80,337.84	
112,545.97	98,199.53	\$9,051.55	\$7,897.73	\$1,153.82	12/16/2003	37	\$48,027.73	
98,603.25	86,642.50	\$7,930.20	\$6,968.26	\$961.95	2/12/2005	23	\$23,763.51	
176,521.25	160,000.00	\$14,196.79	\$12,858.06	\$1,328.73	4/1/2002	57	\$91,141.12	
72,752.52	66,000.00	\$5,851.15	\$5,308.07	\$543.07	3/18/1995	141	\$124,092.98	
143,013.87	130,000.00	\$11,501.94	\$10,465.30	\$1,046.65	12/7/1999	85	\$117,913.96	
138,172.60	129,950.90	\$11,112.58	\$10,454.57	\$658.02	3/9/2006	10	\$6,773.98	
158,744.21	160,000.00	\$13,571.32	\$12,868.06	\$703.26	4/1/2002	57	\$48,238.31	
78,702.02	75,000.00	\$6,329.64	\$6,031.90	\$297.74	10/3/1998	99	\$41,040.91	
68,748.96	66,000.00	\$5,529.16	\$5,308.07	\$221.09	4/1/1996	129	\$44,230.95	
91,540.70	89,190.81	\$7,370.24	\$7,173.20	\$197.03	1/17/2006	11	\$2,236.45	
122,044.40	120,000.00	\$9,815.47	\$9,651.05	\$164.42	1/6/1995	144	\$31,296.06	Member Died 10/25/01
76,213.24	75,000.00	\$6,129.48	\$6,031.90	\$97.57	3/31/2001	69	\$6,441.61	
105,880.34	104,337.01	\$8,515.47	\$8,391.34	\$124.12	4/15/2005	21	\$2,781.34	
76,044.23	75,000.00	\$6,115.89	\$6,031.90	\$83.98	7/6/2000	78	\$8,472.96	
75,532.35	75,000.00	\$6,074.72	\$6,031.90	\$42.81	12/31/1997	198	\$6,647.75	

San Diego City Employees' Retirement System IRS Section 415 Individual Testing

A. Member Information

Assumed Actuarial Interest Rate (8.00%):	5.00%
Current Date:	1/1/2007
Name:	john
Social Security Number:	100-00-0000
Gender:	Male
Date of Birth:	1/1/1950
Date of Retirement:	1/1/2007
Total Service:	25.00
Plan ID:	3 = City Lifeguard

B. Annual Payment

Annual Annuity:	\$1,000.00
Annual Pension:	\$185,000.00

C. Joint Survivor Adjustment

Benefit Option:	Joint Survivor
Qualified J&S?:	No
Joint Survivor %:	100%
Beneficiary's Date of Birth:	1/1/1955

D. DROP Annuity Information

DROP Annuity Elected:	Yes
DROP Annuity Option:	Grandfathered
Annuity Effective Date:	1/1/2007
DROP Contribution Amount:	\$300,000.00
DROP Interest Amount:	\$100,000.00

E. Member Results

Name:	john
Social Security Number:	100-00-0000
Annual Base:	\$186,000.00
Joint Survivor Adjustment:	\$22,873.48
DROP Annuity:	\$36,232.26
Corbett:	\$0.00
13th Check:	\$750.00

F. 415 Limit Test

Total Annual Payment:	\$245,855.75
Annual 415 Limit:	
Ratio:	

Exhibit H: Chevron General Employee Limits

General - Blended - SSNRA = 65

Age	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
35	75,000	75,000	75,000	75,000	75,000	75,000	75,000	14,805	14,947	15,114	15,881	16,348
36	75,000	75,000	75,000	75,000	75,000	75,000	75,000	15,438	16,204	16,710	17,217	17,723
37	75,000	75,000	75,000	75,000	75,000	75,000	75,000	16,071	17,571	18,120	18,669	19,218
38	75,000	75,000	75,000	75,000	75,000	75,000	75,000	16,704	19,058	19,654	20,249	20,845
39	75,000	75,000	75,000	75,000	75,000	75,000	75,000	17,337	20,678	21,324	21,970	22,616
40	75,000	75,000	75,000	75,000	75,000	75,000	75,000	17,970	22,442	23,160	23,845	24,540
41	75,000	75,000	75,000	75,000	75,000	75,000	75,000	18,603	24,366	25,127	25,889	26,650
42	75,000	75,000	75,000	75,000	75,000	75,000	75,000	19,236	26,464	27,291	28,118	28,945
43	75,000	75,000	75,000	75,000	75,000	75,000	75,000	19,869	28,755	29,654	30,552	31,451
44	75,000	75,000	75,000	75,000	75,000	75,000	75,000	20,502	31,258	32,235	33,211	34,188
45	75,000	75,000	75,000	75,000	75,000	75,000	75,000	21,135	33,994	35,056	36,119	37,181
46	75,000	75,000	75,000	75,000	75,000	75,000	75,000	21,768	36,989	38,145	39,301	40,457
47	75,000	75,000	75,000	75,000	75,000	75,000	75,000	22,401	40,269	41,528	42,786	44,045
48	75,000	75,000	75,000	75,000	75,000	75,000	75,000	23,034	43,857	45,238	46,620	47,980
49	75,000	75,000	75,000	75,000	75,000	75,000	75,000	23,667	47,817	49,311	50,805	52,299
50	75,000	75,000	75,000	75,000	75,000	75,000	75,000	24,300	52,158	53,788	55,418	57,047
51	75,000	75,000	75,000	75,000	75,000	75,000	75,000	24,933	56,995	58,714	60,494	62,275
52	75,000	75,000	75,000	75,000	75,000	75,000	75,000	25,566	62,200	64,144	66,088	68,032
53	75,000	75,000	75,000	75,000	75,000	75,000	75,000	26,199	68,011	70,137	72,262	74,387
54	75,000	75,000	75,000	75,000	75,000	75,000	75,000	26,832	74,434	76,769	79,086	81,412
55	75,000	75,000	75,000	75,000	75,000	75,000	75,000	27,465	81,546	84,094	86,643	89,191
56	75,000	75,000	75,000	75,000	75,000	75,000	75,000	28,098	89,434	92,229	95,024	97,818
57	75,000	75,000	75,000	75,000	75,000	75,000	75,000	28,731	98,200	101,268	104,337	107,406
58	75,000	75,000	75,000	75,000	75,000	75,000	75,223	29,364	107,959	111,333	114,707	118,081
59	75,000	75,000	75,000	76,978	76,978	79,938	82,899	30,000	116,849	122,563	128,277	129,991
60	78,423	78,423	81,691	84,959	84,959	88,226	91,494	30,633	131,025	135,119	139,244	143,308
61	86,693	86,693	90,305	93,917	93,917	97,529	101,141	31,266	144,670	149,191	153,712	158,233
62	96,000	96,000	100,000	104,000	104,000	108,000	112,000	31,900	160,000	165,000	170,000	175,000
63	104,000	104,000	108,333	112,667	112,667	117,000	121,333	32,533	160,000	165,000	170,000	175,000
64	112,000	112,000	116,667	121,333	121,333	126,000	130,667	33,167	160,000	165,000	170,000	175,000
65	120,000	120,000	125,000	130,000	130,000	135,000	140,000	33,800	160,000	165,000	170,000	175,000
66	120,000	120,000	125,000	130,000	130,000	135,000	140,000	34,433	160,000	165,000	170,000	175,000
67	120,000	120,000	125,000	130,000	130,000	135,000	140,000	35,067	160,000	165,000	170,000	175,000

General - Blended - SSNRA = 66

Age	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
35	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	14,947	15,414	15,881	16,348
36	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	16,204	16,710	17,217	17,723
37	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	17,571	18,120	18,669	19,218
38	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	19,058	19,654	20,249	20,845
39	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	20,678	21,324	21,970	22,616
40	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	22,442	23,144	23,845	24,546
41	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	24,366	25,127	25,889	26,650
42	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	26,464	27,291	28,118	28,945
43	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	28,755	29,654	30,552	31,451
44	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	31,258	32,235	33,211	34,188
45	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	33,994	35,056	36,119	37,181
46	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	36,989	38,145	39,301	40,457
47	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	40,269	41,528	42,786	44,045
48	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	43,867	45,238	46,609	47,980
49	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	47,817	49,311	50,805	52,299
50	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	52,158	53,788	55,418	57,047
51	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	56,935	58,714	60,494	62,273
52	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	62,200	64,144	66,088	68,032
53	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	68,011	70,137	72,262	74,387
54	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	74,434	76,760	79,086	81,412
55	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	81,546	84,094	86,643	89,191
56	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	89,434	92,229	95,024	97,818
57	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	98,200	101,268	104,337	107,406
58	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	107,959	111,333	114,707	118,081
59	75,000	75,000	75,000	75,000	75,000	75,000	77,718	77,718	118,649	122,563	126,277	129,991
60	75,000	75,000	76,585	79,649	79,649	82,712	85,776	85,776	131,025	135,119	139,214	143,308
61	81,274	81,274	84,661	88,047	88,047	91,434	94,820	94,820	144,670	149,191	153,712	158,233
62	90,000	90,000	93,750	97,500	97,500	101,250	105,000	105,000	160,000	165,000	170,000	175,000
63	98,000	98,000	102,083	106,167	106,167	110,250	114,333	114,333	160,000	165,000	170,000	175,000
64	106,000	106,000	110,417	114,833	114,833	119,250	123,667	123,667	160,000	165,000	170,000	175,000
65	114,000	114,000	118,750	123,500	123,500	128,250	133,000	133,000	160,000	165,000	170,000	175,000
66	120,000	120,000	125,000	130,000	130,000	135,000	140,000	140,000	160,000	165,000	170,000	175,000
67	120,000	120,000	125,000	130,000	130,000	135,000	140,000	140,000	160,000	165,000	170,000	175,000

General - Blended - SSNRA =67

Age	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
35	75,000	75,000	75,000	75,000	75,000	75,000	75,000	14,947	14,947	15,414	15,981	16,548
36	75,000	75,000	75,000	75,000	75,000	75,000	75,000	16,204	16,204	16,710	17,217	17,723
37	75,000	75,000	75,000	75,000	75,000	75,000	75,000	17,571	17,571	18,120	18,669	19,218
38	75,000	75,000	75,000	75,000	75,000	75,000	75,000	19,058	19,058	19,654	20,249	20,845
39	75,000	75,000	75,000	75,000	75,000	75,000	75,000	20,678	20,678	21,324	21,970	22,616
40	75,000	75,000	75,000	75,000	75,000	75,000	75,000	22,442	22,442	23,144	23,845	24,546
41	75,000	75,000	75,000	75,000	75,000	75,000	75,000	24,366	24,366	25,127	25,889	26,650
42	75,000	75,000	75,000	75,000	75,000	75,000	75,000	26,464	26,464	27,291	28,118	28,946
43	75,000	75,000	75,000	75,000	75,000	75,000	75,000	28,755	28,755	29,654	30,552	31,451
44	75,000	75,000	75,000	75,000	75,000	75,000	75,000	31,258	31,258	32,235	33,211	34,188
45	75,000	75,000	75,000	75,000	75,000	75,000	75,000	33,994	33,994	35,058	36,119	37,181
46	75,000	75,000	75,000	75,000	75,000	75,000	75,000	36,989	36,989	38,145	39,301	40,457
47	75,000	75,000	75,000	75,000	75,000	75,000	75,000	40,269	40,269	41,528	42,786	44,045
48	75,000	75,000	75,000	75,000	75,000	75,000	75,000	43,867	43,867	45,238	46,609	47,980
49	75,000	75,000	75,000	75,000	75,000	75,000	75,000	47,817	47,817	49,311	50,805	52,299
50	75,000	75,000	75,000	75,000	75,000	75,000	75,000	52,158	52,158	53,788	55,418	57,047
51	75,000	75,000	75,000	75,000	75,000	75,000	75,000	56,935	56,935	58,714	60,494	62,273
52	75,000	75,000	75,000	75,000	75,000	75,000	75,000	62,200	62,200	64,144	66,088	68,032
53	75,000	75,000	75,000	75,000	75,000	75,000	75,000	68,011	68,011	70,137	72,262	74,387
54	75,000	75,000	75,000	75,000	75,000	75,000	75,000	74,434	74,434	76,750	79,066	81,412
55	75,000	75,000	75,000	75,000	75,000	75,000	75,000	81,546	81,546	84,094	86,643	89,191
56	75,000	75,000	75,000	75,000	75,000	75,000	75,000	89,434	89,434	92,229	95,024	97,819
57	75,000	75,000	75,000	75,000	75,000	75,000	75,000	98,200	98,200	101,268	104,337	107,405
58	75,000	75,000	75,000	75,000	75,000	75,000	75,000	107,959	107,959	111,333	114,707	118,081
59	75,000	75,000	75,000	75,000	75,000	75,000	75,000	118,849	118,849	122,563	126,277	129,991
60	75,000	75,000	75,000	75,000	75,000	77,198	80,057	131,025	131,025	135,119	139,214	143,308
61	75,856	75,856	79,017	82,177	82,177	85,338	88,499	144,670	144,670	149,191	153,712	158,233
62	84,000	84,000	87,500	91,000	91,000	94,500	98,000	160,000	160,000	165,000	170,000	175,000
63	92,000	92,000	95,833	99,667	99,667	103,500	107,333	160,000	160,000	165,000	170,000	175,000
64	100,000	100,000	104,167	108,333	108,333	112,500	116,667	160,000	160,000	165,000	170,000	175,000
65	108,000	108,000	112,500	117,000	117,000	121,500	126,000	160,000	160,000	165,000	170,000	175,000
66	114,000	114,000	118,750	123,500	123,500	128,250	133,000	160,000	160,000	165,000	170,000	175,000
67	120,000	120,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000

Exhibit I: Chevron Uniform/Safety Employee Limits

Uniform- Blended		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Age													
46		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000
47		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000
48		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000
49		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000
50		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000
51		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000
52		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000
53		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000
54		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000
55		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000
56		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000
57		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000
58		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000
59		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000
60		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000
61		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000
62		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000
63		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000
64		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000
65		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000
66		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000
67		66,000	66,000	125,000	130,000	130,000	135,000	140,000	160,000	160,000	165,000	170,000	175,000

Exhibit J: Cheiron Sample Description of Testing Data

Sample Life With Cell Descriptions

A	Ratio	= AO / AP	100	- ratio of annual compensation to 415 Limit. If > 1 then the person is over the 415 limit
B	SSN	GIVEN		- member's SSN
C	FName	GIVEN		- member's first name
D	LName	GIVEN		- member's last name
E	Date of Birth	GIVEN	1/1/1940	- member's date of birth; used for calculating ages
F	Gender	GIVEN	M	- member's gender; used for finding J&S %
G	Age at Ret	Calculated	60	- rounded age of person; difference between DOB and DOR; used for finding 415 limit and J&S %
H	Soc Sec NRA	Calculated	66	- if YOB < 1937 then 65, if 1937 < YOB < 1955 then 66, if 1955 < YOB then 67; used in finding 415 limit
I	Date of Retirement	GIVEN	12/7/1999	- member's retirement date; used for Corbett, 415 limit and appropriate mortality conversion tables
J	Total Service	GIVEN	35.74	- member's service; used for calculating 13th Check
K	Plan ID	GIVEN	4	- See "Assumptions" tab for Plan ID explanation; uniform and general members receive a different 415 limit
L	Safety Svc > 15 years	GIVEN	NO	- if not a Uniform Plan ID, but earned 15 years of qualified uniform code service - eligible to receive Uniform 415 limit
M	Ben Type	GIVEN	SRET	- type of retirement; used in calculating 13th check
N	Ben Option	GIVEN	JSURV	- benefit payment option selected by member; used in determining J&S adjustment
O	J&S %	GIVEN	50	- election percent for survivor; used in determining J&S adjustment
P	Ben DOB	GIVEN	1/15/1940	- DOB for survivor of member; used to find J&S adjustment
Q	Age Difference	Calculated	0	- member's age - survivor's age = age difference; maximum 20; minimum -20; used in determining J&S adjustment
R	415 Annuity	GIVEN	\$11,999.88	- annual amount received by a member; based off of member contributions
S	415 Pension	GIVEN	\$90,973.68	- annual amount received by a member; based off of employer contributions
T	415 Base Amt	= R + S	\$102,973.56	= R + S - total base annuity
U	DROP Annuity Elected	GIVEN	YES	- states whether a person has elected a DROP
V	DROP Annuity Option	GIVEN	Life Expectancy	- explains the option selected by the member for receipt of DROP; used in calculating years of DROP annuity
W	Annuity Effective Date	GIVEN	1/1/2005	- when a member starts to receive DROP annuity
X	n-years	Calculated	25.2	- length of annuity DROP; 20 years; Grandfathered and Life Expectancy; based on age. "1" is code for annuity
Y	DROP Retirement Date	GIVEN	12/7/1999	- when member entered into DROP program; used to calculate annuity payment
Z	DROP Cont	GIVEN		- contributions made to DROP account; used to calculate balance
AA	DROP Int	GIVEN	\$309,775.89	- interest earned on DROP account; used to calculate balance
AB	DROP Balance	GIVEN	\$30,140.01	= Z + AA; total account used to calculate annual payment to a member from DROP account
AC	DROP Annuity Payment	= Z + AA	\$339,915.90	- annual DROP payment as P/Y, using 8% and n-years; if n-years is "1", then SLA, mortality based on DROP entry
AD	Applicable Rollover	Calculated	\$31,759.96	- States whether a person has a rollover contribution received for 49 IS or SPSP purposes only
AE	Pre-Tax Rollover	GIVEN	NO	- Pre Tax Contribution Rollover Reported
AF	Post Tax Rollover	GIVEN		- Post Tax Contribution Rollover Reported
AG	Total Rollover	= AE + AF		= AE + AF
AH	Annuitized Rollover	Calculated	\$0.00	- total Rollover annuitized based on payment form elected and retirement date
AI	Spouse Is Bene	GIVEN	YES	- states whether a person has a qualified spouse as the survivor beneficiary
AJ	J&S % Adjustment	Calculated	0.00%	- no adjustment if beneficiary is qualified spouse, otherwise represent J&S/Straight Life annuity factors
AK	J&S Adjusted Annuity	= AJ * T	\$0.00	= AJ * T - elected for adjusted to a Straight Life annuity
AL	Corbett Settlement	Calculated	\$7,208.15	- stresses prior to 7/1/2005, 7% * T, as Corbett Settlement; members after 7/1/2005 already have benefit included
AM	13th Check	Calculated	\$1,072.20	- 13th Check (J); if no service is provided, 10 years of service is assumed
AN				
AO	Total Annual Compensation	= T + AC + AK + AL + AM + AH	\$143,013.87	= T + AC + AK + AL + AM + AH
AP	415 Limit	Calculated	\$130,000.00	- Member's 415 Limit based on Uniform or General; Age at retirement, Soc Sec NRA, at actual retirement
AO	Ratio	= AO / AP	100	- ratio of annual compensation to 415 limit. If > 1 then the person is over the 415 limit

Results

[illegible]

Exhibit K: Cheiron Retired 415 Test
Results -- SDCERS Retired 415 Test
Results

	10	11	12	13	14	15	16	17	18
A	Ratio	AO / AP							
B	SSN	GIVEN							
C	FName	GIVEN							
D	LName	GIVEN							
E	Date of Birth	GIVEN	10/8/1949	2/7/1949	6/13/1943	10/23/1948	9/11/1943	6/11/1935	9/11/1940
F	Gender	GIVEN	F	F	M	F	M	M	M
G	Age at Ret	Calculated	55	56	58	57	56	47	46
H	Soc Sec NRA	Calculated	66	66	66	66	66	65	66
I	Date of Retirement	GIVEN	12/18/2004	10/11/2003	9/17/2001	12/18/2003	2/12/2005	4/12/2002	3/10/1995
J	Total Service	GIVEN	36.00	32.00	29.44	40.83	35.20	37.56	29.11
K	Plan ID	GIVEN	2	2	2	2	2	2	2
L	Safety Svc > 15 years	GIVEN	NO	NO	NO	NO	NO	NO	YES
M	Ben Type	GIVEN	SRET	SRET	SRET	SRET	SRET	SRET	SRET
N	Ben Option	GIVEN	JSURV	JSURV	SLIFE	JSURV	JSURV	JSURV	JSURV
O	US %	GIVEN	50	0	0	50	50	50	50
P	Ben DOB	GIVEN	6/7/1954	10/13/1945		5/18/1942	10/11/1947	2/8/1937	7/15/1947
Q	Age Difference	Calculated	5	1		-4	-2	2	1
R	415 Annuit	GIVEN	\$13,270.08	\$14,342.10	\$11,909.88	\$10,337.10	\$12,102.45	\$11,699.88	\$9,291.72
S	415 Pension	GIVEN	\$58,212.80	\$94,352.80	\$83,520.40	\$63,430.44	\$87,153.24	\$95,427.84	\$57,885.12
T	415 Base Amt	GIVEN	\$101,482.58	\$108,594.96	\$95,520.36	\$103,037.60	\$99,255.72	\$107,427.72	\$67,175.84
U	DROP Annuit Elected	GIVEN	NO	YES	NO	NO	NO	NO	NO
V	DROP Annuit Option	GIVEN		240 Months		Grandfathered	Grandfathered	Grandfathered	
W	Annuit Effective Date	GIVEN		11/1/2006					
X	n-years	Calculated	1	20	1	27.3	29.6	13.4	1
Y	DROP Retirement Date	GIVEN		8/24/2004		12/18/2003	2/12/2005	4/12/2002	
Z	DROP Cont	GIVEN		\$453,147.28		\$153,686.43	\$12,612.99	\$612,480.55	
AA	DROP Int	GIVEN		\$31,604.80		\$923.52	\$0.00	\$120,832.96	
AB	DROP Balance	GIVEN		\$514,712.22		\$54,643.95	\$12,812.96	\$711,323.54	
AC	DROP Annuit Payment	Calculated	\$0.00	\$52,424.58	\$0.00	\$12,506.09	\$1,124.26	\$76,719.60	\$0.00
AD	Applicable Rollover	GIVEN	NO	NO	YES	YES	YES	YES	NO
AE	Pre-Tax Rollover	GIVEN	\$31,701.58	\$67,853.74	\$64,528.00	\$76,731.61	\$42,825.95	\$34,311.48	\$0.00
AF	Post-Tax Rollover	GIVEN	\$733.07	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AG	Total Rollover	GIVEN	\$32,434.75	\$67,853.74	\$64,528.00	\$76,731.61	\$42,825.95	\$34,311.48	\$0.00
AH	Annuitized Rollover	Calculated	\$0.00	\$0.00	\$0.00	\$5,071.53	\$2,812.62	\$3,155.10	\$0.00
AI	Spouse's Bene.	GIVEN	YES	YES	#N/A	YES	YES	YES	YES
AJ	US % Adjustment	Calculated	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AK	US Adjusted Annuit	Calculated	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AL	Benefit Settlement	Calculated	\$1,065.13	\$1,176.23	\$683.20	\$1,224.65	\$1,055.83	\$1,129.80	\$673.30
AM	Final Check	Calculated							
AN	T + AC + AK +								
AO	Total Annual Compensation	AL + AM - AH	\$102,582.66	\$152,139.27	\$87,905.59	\$112,845.97	\$99,603.25	\$176,521.25	\$72,752.32
AP	415 Limit	Calculated	\$84,094.19	\$135,119.15	\$75,060.00	\$98,193.53	\$85,632.50	\$160,000.00	\$55,034.00
AQ	Ratio	AO / AP							

Exhibit K: Cheiron Retired 415 Test
Results -- SDCERS Retired 415 Test
Results

	19	20	21	22	23	24	25	26	27
A	Ratio	AO / AP							
B	SSN	GIVEN							
C	FName	GIVEN							
D	LName	GIVEN							
E	Date of Birth	GIVEN	10/11/1937	10/11/1937	3/11/1943	1/15/1951	12/7/1959	3/15/1965	7/18/1968
F	Gender	GIVEN	M	M	M	F	F	F	M
G	Age at Ret	Calculated	60	58	53	55	65	65	57
H	SocSecNRA	Calculated	66	66	66	66	65	65	66
I	Date of Retirement	GIVEN	12/7/1999	10/5/1998	4/11/1998	1/17/2005	4/8/1996	2/3/2001	4/15/2005
J	Total Service	GIVEN	35.74	31.73	31.09	26.47	34.97	40.22	25.51
K	Plan ID	GIVEN	4	2	4	2	11	2	2
L	Safety Sec 15 years	GIVEN	YES	NO	NO	NO	NO	NO	NO
M	Ben Type	GIVEN	SRET	SRET	SRET	SRET	CONT	SRET	SRET
N	Ben Option	GIVEN	JSURV	JSURV	JSURV	JSURV	SLIFE	JSURV	JSURV
O	J&S %	GIVEN	50	0	0	50	0	50	100
P	Ben DOB	GIVEN	1/15/1940	8/21/1950	12/15/1943	12/26/1947	8/4/1941	6/15/1944	9/23/1948
Q	Age Difference	Calculated	0	3	20	-2	-2	-2	9
R	415 Annulity	GIVEN	\$11,999.88	\$11,999.88	\$9,765.12	\$14,081.80	\$15,112.92	\$10,878.50	\$15,058.52
S	415 Pension	GIVEN	\$30,973.66	\$39,173.92	\$53,614.56	\$76,792.80	\$97,866.20	\$69,550.32	\$74,355.96
T	415 Base Amt	AO + S	\$102,973.56	\$100,965.08	\$99,559.56	\$76,722.48	\$63,379.60	\$80,428.92	\$89,412.48
U	DROP Annulity Elected	GIVEN	YES	YES	NO	NO	NO	NO	NO
V	DROP Annulity Option	GIVEN	Life Expectancy	Grandfathered	Grandfathered	Grandfathered	Grandfathered	Grandfathered	Grandfathered
W	Annulity Effective Date	GIVEN	1/1/2006	1/1/2006	1/1/2006	1/1/2006	1/1/2006	1/1/2006	1/1/2006
X	n-years	Calculated	25.2	20	21	27	1	1	1
Y	DROP Retirement Date	GIVEN	12/7/1999	3/3/2005	4/1/2002	10/31/1998			
Z	DROP Cont	GIVEN	\$309,775.89	\$381,542.01	\$564,612.93	\$113,551.47			
AA	DROP Int	GIVEN	\$30,140.01	\$42,982.92	\$120,480.91	\$8,185.35			
AB	DROP Balance	AO + AA	\$329,915.90	\$404,488.00	\$685,093.74	\$141,336.82			
AC	DROP Annulity Payment	Calculated	\$31,759.96	\$41,198.81	\$68,394.45	\$12,970.71	\$0.00	\$0.00	\$0.00
AD	Applicable Rollover	GIVEN	NO	YES	NO	YES	NO	YES	NO
AE	Post Tax Rollover	GIVEN	\$0.00	\$75,231.31	\$0.00	\$180,011.97	\$0.00	\$62,452.30	\$0.00
AF	Post Tax Rollover	GIVEN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AG	Total Rollover	AO + AF	\$0.00	\$75,231.31	\$0.00	\$180,011.97	\$0.00	\$62,452.30	\$0.00
AH	Annulized Rollover	Calculated	\$0.00	\$5,028.81	\$0.00	\$17,373.64	\$0.00	\$5,422.58	\$0.00
AI	Spouse Is Exempt	GIVEN	YES	YES	YES	RN/A	RN/A	YES	NO
AJ	J&S % Adjustment	Calculated	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	17.56%
AK	J&S Adjusted Amount	AO + T	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15,699.53
AL	Corbett Settlement	Calculated	\$7,208.15	\$0.00	\$0.00	\$6,370.57	\$7,915.56	\$0.00	\$0.00
AM	13th Grade	Calculated	\$1,072.20	\$1,136.72	\$790.20	\$1,011.90	\$1,049.10	\$1,200.90	\$766.33
AN	Total Annual Compensation	T + AC + AK + AL + AM + AH	\$143,013.67	\$133,172.50	\$168,742.21	\$70,702.92	\$122,042.40	\$79,210.24	\$105,260.24
AP	415 Limit	Calculated	\$130,060.00	\$129,990.90	\$160,000.00	\$75,000.00	\$120,000.00	\$75,000.00	\$104,337.01
AO	Ratio	AO / AP	1.09	1.05	1.05	1.05	1.02	1.02	1.01

Exhibit K: Cheiron Retired 415 Test
Results -- SDCERS Retired 415 Test
Results

A	Ratio	28	29	30	31	32	33	34	35	36
B	= AO / AP	100	100	0.99	0.99	0.99	0.99	0.99	0.98	0.96
C	GIVEN									
D	GIVEN									
E	GIVEN									
F	GIVEN									
G	Calculated									
H	Calculated									
I	GIVEN									
J	GIVEN									
K	GIVEN									
L	GIVEN									
M	GIVEN									
N	GIVEN									
O	GIVEN									
P	GIVEN									
Q	Calculated									
R	GIVEN									
S	GIVEN									
T	= R + S									
U	GIVEN									
V	GIVEN									
W	GIVEN									
X	Calculated									
Y	GIVEN									
Z	GIVEN									
AA	GIVEN									
AB	Calculated									
AC	GIVEN									
AD	GIVEN									
AE	GIVEN									
AF	GIVEN									
AG	GIVEN									
AH	GIVEN									
AI	GIVEN									
AJ	GIVEN									
AK	GIVEN									
AL	GIVEN									
AM	GIVEN									
AN	GIVEN									
AO	Calculated									
AP	Calculated									
AQ	Calculated									

CHEIRON

Exhibit K: Cheiron Retired 415 Test
Results -- SDCERS Retired 415 Test
Results

	37	38	39	40	41	42	43	44	45
A	Ratio								
B	SSN								
C	FName								
D	LName								
E	Date of Birth								
F	Gender								
G	Age at Ret								
H	Soc Sec NRA								
I	Date of Retirement								
J	Total Service								
K	Plan ID								
L	Safety Svc > 15 years								
M	Ben Type								
N	Ben Option								
O	J&S %								
P	Ben DOB								
Q	Age Difference								
R	415 Annulity								
S	415 Pension								
T	= R + S								
U	415 Base Amt								
V	DROP Annulity Elected								
W	DROP Annulity Option								
X	Annulity Effective Date								
Y	n-years								
Z	DROP Retirement Date								
AA	DROP Cont								
AB	DROP Int								
AC	DROP Balance								
AD	DROP Annulity Payment								
AE	Applicable Rollover								
AF	Pre-Tax Rollover								
AG	Post-Tax Rollover								
AH	Total Rollover								
AI	Annulized Rollover								
AL	Substantia Ratio								
AM	J&S % Adjustment								
AN	J&S Adjusted Amount								
AO	Corbett Settlement								
AP	13th Check								
AO	Total Annual Compensation								
AP	415 Limit								
AO	Ratio								

Exhibit K: Cheiron Retired 415 Test
Results -- SDCERS Retired 415 Test
Results

	46	47	48	49	50	51	52	53	54
A	Ratio	0.90	0.89	0.89	0.88	0.88	0.88	0.87	0.86
B	SSN	GIVEN							
C	FName	GIVEN							
D	LName	GIVEN							
E	Date of Birth	11/1/1943	11/1/1943	3/24/1949	9/11/1950	3/18/1950	7/1/1941	4/15/1949	
F	Gender	M	M	M	M	M	M	M	
G	Age at Ret	55	55	55	55	55	55	55	
H	Sec Sec NRA	65	65	65	65	65	65	65	
I	Date of Retirement	12/20/2005	12/20/2005	5/12/2005	9/10/1993	5/12/2005	4/1/1997	1/1/2005	
J	Total Service	45.77	30.88	28.43	31.54	43.63	28.07	34.31	
K	Plan ID	2	2	4	4	4	2	2	
L	Safety Svc > 15 Years	NO	NO	YES	NO	NO	NO	NO	
M	Ben Type	SRET	SRET	SRET	SRET	DROPC	SRET	SRET	
N	Ben Option	JSURV	JSURV	JSURV	JSURV	JSURV	JSURV	JSURV	
O	18.5 %	50	50	100	50	50	50	50	
P	Ben DOB	9/15/1928	10/15/1942	5/12/1955	5/15/1942	4/10/1954	11/15/1941	3/11/1951	
Q	Age Difference	-7	4	-1	3	4	0	2	
R	415 Annuity	\$10,008.20	\$12,023.32	\$3,864.00	\$10,567.89	\$10,751.84	\$15,720.00	\$7,207.20	
S	415 Pension	\$53,736.42	\$61,842.72	\$82,060.00	\$88,888.90	\$39,340.92	\$80,323.40	\$54,553.30	
T	415 Base Annu	\$74,642.52	\$73,658.04	\$91,924.80	\$99,554.64	\$50,102.76	\$76,352.40	\$61,350.00	
U	DROP Annuity Elected	NO	NO	YES	NO	YES	YES	NO	
V	DROP Annuity Option	GIVEN	Grandfathered	Grandfathered	Grandfathered	Grandfathered	Grandfathered	Grandfathered	
W	Ann Effective Date	1/1/2005	1/1/2005	1/1/2005	1/1/2005	1/1/2005	1/1/2005	1/1/2005	
X	n-Years	1	29.6	29.6	29.6	29.6	29.6	29.6	
Y	DROP Retirement Date	1/29/2005	1/29/2005	5/12/2005	5/12/2005	5/12/2005	5/12/2005	5/12/2005	
Z	DROP Cont	GIVEN	\$23,365.54	\$53,555.70	\$435,627.24	\$31,025.41	\$31,025.41	\$63,011.20	
AA	DROP Int	GIVEN	\$23,365.54	\$2,457.02	\$110,535.12	\$89,017.44	\$240.02	\$1,004.06	
AB	DROP Balance	NO	\$23,365.54	\$24,499.79	\$54,004.92	\$804,644.56	\$31,255.43	\$44,815.20	
AC	DROP Annuity Payment	Calculated	\$0.00	\$2,659.12	\$5,411.35	\$44,981.46	\$3,194.48	\$5,401.35	
AD	Applicable Rollover	GIVEN	NO	NO	NO	NO	YES	YES	
AE	Pre-Tax Rollover	GIVEN	\$0.00	\$0.00	\$0.00	\$0.00	\$21,330.43	\$52,388.71	
AF	Post-Tax Rollover	GIVEN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
AG	Total Rollover	Calculated	\$0.00	\$0.00	\$0.00	\$0.00	\$21,330.43	\$52,388.71	
AH	Annulized Rollover	Calculated	\$0.00	\$0.00	\$0.00	\$0.00	\$1,934.37	\$4,126.13	
AI	Spouse Is Benef	GIVEN	YES	YES	YES	NO	YES	YES	
AL	J&S % Adjustment	Calculated	0.00%	0.00%	0.00%	7.10%	0.00%	0.00%	
AM	J&S Adjusted Amount	Calculated	\$0.00	\$0.00	\$0.00	\$3,503.35	\$0.00	\$0.00	
AN	Corbett Settlement	Calculated	\$5,224.90	\$8,045.25	\$0.00	\$2,507.19	\$0.00	\$1,335.57	
AO	13th Check	Calculated	\$1,333.10	\$926.63	\$552.90	\$875.10	\$1,310.00	\$5,129.45	
AP	Total Annual Compensation	Calculated	\$31,240.60	\$77,432.68	\$150,180.05	\$59,158.51	\$76,172.24	\$55,185.06	
AQ	415 Limit	Calculated	\$80,304.91	\$88,542.80	\$170,000.00	\$56,000.00	\$56,542.50	\$75,000.00	
AR	Ratio	0.90	0.89	0.88	0.88	0.88	0.87	0.86	

Exhibit K: Cheiron Retired 415 Test
Results -- SDCERS Retired 415 Test
Results

	55	56	57	58	59	60	61	62	63
A	Ratio								
B	AO / AP								
C	GIVEN								
D	GIVEN								
E	GIVEN								
F	GIVEN								
G	Calculated								
H	Calculated								
I	GIVEN								
J	GIVEN								
K	GIVEN								
L	GIVEN								
M	GIVEN								
N	GIVEN								
O	GIVEN								
P	GIVEN								
Q	Calculated								
R	GIVEN								
S	GIVEN								
T	GIVEN								
U	GIVEN								
V	GIVEN								
W	GIVEN								
X	Calculated								
Y	GIVEN								
Z	GIVEN								
AA	GIVEN								
AB	GIVEN								
AC	GIVEN								
AD	GIVEN								
AE	GIVEN								
AF	GIVEN								
AG	GIVEN								
AH	GIVEN								
AI	GIVEN								
AL	GIVEN								
AM	GIVEN								
AN	GIVEN								
AO	GIVEN								
AP	GIVEN								
AQ	GIVEN								

Exhibit K: Cheiron Retired 415 Test
Results -- SDCERS Retired 415 Test
Results

	64	65	66	67	68	69	70	71	72
A	Ratio	0.81	0.80	0.79	0.78	0.77	0.76	0.75	0.74
B	SSN								
C	FNName								
D	LNName								
E	Date of Birth	1/17/1946	5/13/1947	12/1/1941	10/16/55	6/15/1945	9/25/1947	9/19/1947	12/1/1945
F	Gender	M	M	M	N	M	F	M	M
G	Age at Ret	56	58	51	53	59	58	56	60
H	See Sec NRA								
I	Date of Retirement	11/23/2002	2/6/2004	12/31/2002	10/6/2004	2/4/2004	9/7/2005	7/10/2003	7/1/2005
J	Total Service	30.50	30.12	35.48	30.01	31.59	25.32	38.87	37.58
K	Plan ID	6	4	5	4	6	2	2	2
L	Safety Svc > 15 years	YES	YES	YES	YES	YES	NO	NO	NO
M	Ben Type	SRET	SRET	SRET	DROPO	SRET	SRET	SRET	SRET
N	Ben Option	JSURV	JSURV	JSURV	JSURV	JSURV	JSURV	JSURV	JSURV
O	J&S %	50	50	50	50	50	50	50	50
P	Ben DOB	11/21/1944	7/21/1947	9/15/1968	3/10/1953	1/16/1955	12/1/1952	12/16/1943	10/21/1947
Q	Age Difference	-2	2	20	0	20	4	-3	2
R	415 Annuity	\$11,999.68	\$11,647.20	\$11,999.68	\$14,394.60	\$11,000.44	\$19,472.84	\$13,060.24	\$14,106.72
S	415 Pension	\$70,450.42	\$68,791.19	\$65,726.52	\$89,743.40	\$57,887.44	\$76,545.60	\$57,743.00	\$72,687.24
T	415 Base Amt	\$2,550.40	\$81,428.36	\$77,726.40	\$104,139.00	\$78,787.88	\$93,019.24	\$71,583.24	\$86,703.96
U	DROP Annuity Elected	YES	NO	NO	YES	NO	NO	NO	NO
V	DROP Annuity Option	240 Months	Grandfathered	Grandfathered	240 Months	Grandfathered	NO	Grandfathered	Grandfathered
W	Annuity Effective Date	1/1/2006	1/1/2006	1/1/2006	1/1/2006	1/1/2006	1/1/2006	1/1/2006	1/1/2006
X	n-years	20	27	24.4	23	25.1	1	20.7	25.2
Y	DROP Retirement Date	11/23/2002	2/6/2004	12/31/2002	10/6/2004	2/4/2004	9/7/2005	7/10/2003	7/1/2005
Z	DROP Cont	\$424,768.35	\$469,741.28	\$430,370.51	\$556,824.35	\$449,905.04	\$41,762.40	\$41,762.40	\$245,353.04
AA	DROP Int	\$74,317.35	\$83,831.81	\$84,966.77	\$10,922.55	\$94,661.66	\$763.95	\$763.95	\$25,680.66
AB	DROP Balance	\$499,085.70	\$556,375.09	\$534,357.28	\$327,748.00	\$544,086.90	\$42,526.35	\$42,526.35	\$271,013.70
AC	DROP Annuity Payment	\$59,932.98	\$51,976.82	\$50,455.73	\$33,381.75	\$50,317.96	\$0.00	\$3,501.88	\$25,322.10
AD	Applicable Rollover	YES	YES	YES	YES	NO	YES	YES	YES
AE	Pre-Tax Rollover	\$59,717.40	\$22,459.17	\$12,247.45	\$57,366.59	\$0.00	\$91,240.89	\$91,240.89	\$54,786.74
AF	Post-Tax Rollover	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,816.44	\$0.00	\$0.00
AG	Total Rollover	\$59,717.40	\$22,459.17	\$12,247.45	\$57,366.59	\$0.00	\$94,057.34	\$91,240.89	\$54,786.74
AH	Annualized Rollover	\$6,366.37	\$1,934.12	\$1,105.68	\$3,887.74	\$0.00	\$5,445.12	\$6,154.11	\$3,374.33
AI	Spouse's Benefit	YES	YES	YES	YES	YES	YES	YES	YES
AJ	J&S % Adjustment	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AK	J&S Adjusted Amount	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AL	Corbett Settlement	\$0.00	\$0.00	\$1,094.40	\$900.35	\$947.70	\$759.54	\$1,156.96	\$1,126.37
AM	13th Check	\$915.00	\$908.70	\$908.70	\$900.35	\$947.70	\$759.54	\$1,156.96	\$1,126.37
AN									
AO	Total Annual Compensation	\$129,933.01	\$132,786.76	\$128,180.93	\$134,733.35	\$130,033.44	\$90,332.66	\$70,416.97	\$109,368.09
AP	415 Limit	\$160,000.00	\$165,000.00	\$160,000.00	\$170,000.00	\$165,000.00	\$114,706.94	\$89,433.92	\$139,213.68
AQ	Ratio	0.81	0.80	0.80	0.79	0.79	0.79	0.79	0.79

Exhibit L

SAN DIEGO CITY EMPLOYEES RETIREMENT SYSTEM

AUTHORIZATION FOR PRE-TAX BI-WEEKLY PAYROLL DEDUCTIONS
FOR PURCHASE OF SERVICE CREDITS

Member name:

SSN:

Type of Purchase: 5 YEAR (1.10365 YEARS)

Please initial next to each statement:

_____ I hereby authorize the City of San Diego to deduct **\$303.70** bi-weekly for 71 pay periods, by pre-tax payroll deduction for transfer to the San Diego Employees' Retirement System. This amount is in addition to my regular bi-weekly retirement contribution and is for the purpose of purchasing additional creditable service in the Retirement System.

_____ I understand that this pre-tax deduction cannot be changed or altered and must be completed as agreed under the terms of the pay plan until the balance, including interest is paid in full.

_____ I understand that I must adhere to the terms of this contract and that I cannot payoff the balance early in order to enter DROP.

In accordance with provisions of Retirement Board Rule 10.50 (a), if you are unable to complete the purchase due to death or disability retirement, you or your beneficiary may either pay off the remaining balance on the contract, if allowed by the IRS regulations, or receive a refund of the amount paid to date, net of any credit received for employee contribution rate roll backs.

Signature

Date

SSN